DOMINION OF CANADA

HOUSE OF COMMONS DEBATES

OFFICIAL REPORT

SEVENTH SESSION—TWENTY-FIRST PARLIAMENT

1-2 ELIZABETH II

BEING THE 95TH SESSION FOR THE PERIOD 1867-1953

VOLUME IV, 1952-53

COMPRISING THE PERIOD FROM THE TWENTY-SIXTH DAY OF MARCH, 1953,
TO THE TWENTY-FOURTH DAY OF APRIL, 1953, INCLUSIVE

INDEX ISSUED IN A SEPARATE VOLUME

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1953

DEBATES

HOUSE OF COMMONS

DOMINION OF CANADA

HOUSE OF COMMONS

Thursday, March 26, 1953

The house met at 2.30 p.m.

STANDING ORDERS

CONCURRENCE IN FOURTH REPORT OF STANDING COMMITTEE

Mr. A. W. Stuart (Charlotte) presented the fourth report of the standing committee on standing orders, and moved that the report be concurred in.

Motion agreed to.

HOUSE OF COMMONS

INTERPRETATION OF STANDING ORDER 60

Mr. Speaker: Recently hon. members discussed the proper construction of standing order 60. The house will recall that on the 18th June, 1952, I made a ruling with respect to this standing order which was to the effect that on the second day, that is, when the order is called for the Speaker to leave the chair for the house to resolve itself into committee of the whole on a resolution dealing with money a full discussion of the resolution is not in order. However, in view of the ruling made by Mr. Speaker Glen in February, 1942, I ruled that a debate was permissible provided it was directed to the negative of the motion. When that ruling was made some hon. members expressed doubt whether it could be put into effect. It was not long before I came to the same conclusion and I think all members agree that my ruling of the 18th June last must be revised. Most members, if not all, who spoke recently on the point of order were of the opinion that there should be no debate at all or that a full debate should be allowed on the resolution.

Standing order 60 was adopted in the House of Commons in 1867 in almost the identical wording it has today. Debates took place from time to time over the years on the second day. In 1905 Mr. Sproule, who later became Speaker under the administration of the late Right Hon. Sir Robert Borden, objected to this procedure. He is reported at column 320 of *Hansard* of that year as follows:

> On Friday next will not the Speaker have to leave the chair, in compliance with the motion just made, and allow the house to go into committee of the whole without a motion to that effect being made again, and will not this preclude any debate before the house is in committee?

However, his opinion did not prevail and debates continued to take place until 1912. Between 1912 and 1919 there were 140 resolutions and I can find only two instances where any debate took place. On October 15, 1919, pages 1013-14 of *Hansard*, Mr. Speaker Rhodes, who was Speaker under the administrations of the Right Hon. Sir Robert Borden and the Right Hon. Arthur Meighen, ruled that the motion was not debatable but that a vote could take place upon it. His ruling was generally respected until about the year 1930, after which the number of debates on this motion gradually increased.

It is to be noted that in February, 1942, the Right Hon. Mackenzie King objected to a debate at this stage and Mr. Speaker Glen gave the ruling to which I have referred. Subsequently, in 1946, Mr. King again contended that the motion was not debatable and quoted a communication from Dr. Arthur Beauchesne to that effect. See *Hansard*, page 761 of that year.

Along with standing order 60 it is necessary to consider standing order 38. It is to be noted that when Sir Robert Borden sponsored the resolution amending standing order 17 (a), which is now our standing order 38, in an amended form, he is quoted at column 7406 of *Hansard* of April 9, 1913, as saying:

> What we have sought to do is to provide that all substantial motions, which bring into question the propriety of passing any bill, measure, or vote, shall be debatable in the future as they have been in the past, but that purely formal motions, which, under the existing rules, would be used only for dilatory purposes, shall not in future continue to be debatable. That has been our object, and we propose to carry it into effect in a reasonable way.

From these words there seems to be no doubt that the intention of Sir Robert Borden while safeguarding the freedom of speech was to eliminate the occasions on which repetitious debate could arise. That I consider to be the spirit in which standing order 38 was adopted.

The resolution is not debatable on the first day by virtue of clause 1 (a) of standing order 38. On that day the house makes a decision that the resolution should be considered by a committee of the whole house at the next sitting. I must determine whether debate is permissible on the second day. It seems to me that a debate on the resolution at this stage cannot be permitted. The house has already decided that it should

go into committee at the next sitting to consider the resolution. It is surely, therefore, wrong for the house to consider at the said next sitting the resolution with the Speaker in the chair on the following grounds:

(1) That once a question has been decided by the house it cannot be reopened in the same session. See Beauchesne's third edition, citation 332.

(2) That when a resolution has been referred to a committee of the whole house that resolution cannot be debated in the house until the committee has reported.

What debate, if any, can be permitted on the second day, or is a further motion of any kind required when the order under government orders is called "that the Speaker do now leave the chair for the house to resolve itself into committee of the whole on the following resolution . . .". As stated above, since the house has already made a decision that that particular resolution is to be considered by the committee it is obviously irregular to have any further debate on that point. Therefore, the only possible subject matter for debate is as to whether the Speaker should leave the chair at that particular time, or later that day, or on some other day. However, even that subject matter is not debatable. Standing order 17 (2) provides that "whenever government business has precedence, government orders may be called in such sequence as the government may think fit", and of course it is the practice for the government to announce the night before just what business will be called the following day. In this way no one is taken by surprise.

From the above it would appear that the motion that the Speaker do now leave the chair for the house to resolve itself into committee of the whole on a money resolution moved on the second day under the provisions of standing order 60 is purely a procedural motion. It stands on the order of proceedings for the day, and were it other than a procedural motion it would, under standing order 38, be debatable. But procedural motions are not debatable. This was decided by Mr. Speaker Lemieux on June 18, 1923. See *Hansard*, page 4013 of that year. He said:

> A bill is regularly on its way to the committee of the whole house and the motion has been made that I do now leave the chair. It is a purely formal motion.

It is doubtful if any motion at all is really necessary, but as Mr. Speaker Lemieux has ruled, and as Mr. Speaker Rhodes has also ruled that the motion should be made, and that, though the motion is not debatable, the members have a right to vote thereon, I will follow their rulings.

Accordingly in future once the house has decided that the Speaker will leave the chair at the next sitting of the house to resolve itself into committee of the whole to consider a resolution I will put the motion when the order is called, but the motion will not be debatable although members will have the right to vote thereon.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, with respect, I cannot accept the ruling; but in view of the fact that it is obvious there must be a review of the rules, as has been indicated on different occasions during this session, I prefer not to divide the house but to leave the matter in the record in that way.

[Mr. Speaker.]

QUESTIONS

NEW POST OFFICE BUILDINGS, MARITIME PROVINCES

Mr. Robichaud:

1. How many new post office buildings have been constructed in the provinces of New Brunswick, Nova Scotia and Prince Edward Island, since 1945?

2. In what localities were these buildings constructed and at what price?

Mr. Fournier (Hull):

1 and 2. New Brunswick: 1950-52, Fredericton, public building, $802,882.23; 1950-52, St. Stephen, public building, $192,807.61.

Nova Scotia: 1945-46, Canso, public building, $48,994.41; 1947-50, Halifax (north end) public building, $79,193.21; 1950-51, Dominion, public building, $31,072; 1950-51, Kingston, public building, $60,538.14.

Prince Edward Island: 1950-53, Summerside, public building, $377,628.60.

CHICOUTIMI, LAPOINTE AND LAC-SAINT-JEAN COUNTIES, QUE.—HEALTH AND WELFARE PAYMENTS

Mr. Gagnon:

Since January 1, 1949, what amounts have been spent each year by the Department of National Health and Welfare in the counties of (a) Chicoutimi; (b) Lapointe; (c) Lac-Saint-Jean, (i) for the payment of medical fees and other professional services, and to whom; (ii) under the following headings: immigration medical services, special technical services, general health grants, hospital construction grants, general public health grants, tuberculosis control grants, mental health grants, professional training grants and cancer control grants?

Questions

Mr. McCusker:

(a) (i) and (ii)

Quarantine, Immigration Medical, and Sick Mariners	1949	1950	1951	1952
	$ cts.	$ cts.	$ cts.	$ cts.
Dr. R. Rousseau	182 00	194 00	247 00	.....
Dr. Leo Tanguay	1,448 00	1,350 00	1,480 00	1,428 00
Dr. J. Luc Morin	.....	.....	.....	220 00
Dr. Georges T. Gauthier	.....	40 00	15 00	10 00
Dr. Eugene Tremblay	1,533 00	2,401 00	2,223 00	2,042 00
Dr. Gilles Tremblay	798 00	360 00	804 75	145 00
Dr. Gaston Comtois	205 00	270 00	225 00	205 00
Dr. Roland Saucier	.....	.....	3 00	18 00
Dr. Gerard Boudreault	.....	.....	140 00	180 00
Dr. George W. Tremblay	404 50	546 50	302 00	78 00
Dr. P. Riverin	5 00	.....	3 00	.....
Dr. J. A. Desbiens	.....	.....	.....	9 00
Dr. Gerard Guillemette	.....	.....	.....	41 00
Dr. Emile Beaulieu	2,306 00	2,184 00	2,140 00	2,115 00
	6,881 50	7,345 50	7,582 75	6,491 00

—	Expenditures	
		$ cts.
General Health Grants:—		
Hospital construction grant:—		
Hotel-Dieu St. Vallier de Chicoutimi, total amount approved $362,744.53	1949	— —
	1950	— —
	1951	— —
	1952	— 163,801 67
Venereal Disease control grant:—		
Diagnostic and treatment services to the venereal disease clinic at the Hotel-Dieu St. Vallier de Chicoutimi.		
As these services form part of the overall provincial V. D. control programme, information as to the amount of federal assistance spent in respect of this particular hospital is not readily available.		
Mental health grant:—		
Support of psychiatric services at the Hotel-Dieu St. Vallier de Chicoutimi Hospital.	1949	— —
	1950	— —
	1951	— 1,984 00
	1952	— 9,554 00
Public health research grant:—		
Support of a study on chemical dosage of pregnanediol during miscarriage proceedings being carried out in the laboratories of the Hotel-Dieu St. Vallier de Chicoutimi.	1949	— —
	1950	— —
	1951	— —
	1952	— 2,684 00
All other headings	1949	— —
	1950	— —
	1951	— —
	1952	— —
(b) (i) and (ii)		
All headings	1949	— —
	1950	— —
	1951	— —
	1952	— —
(c) (i) and (ii)		
General health grants:—		
Hospital construction grant:—		
Hotel Dieu d'Alma, total amount approved $183,873.22	1949	— —
	1950	— —
	1951	— —
	1952	— 79,436 66
All other headings	1949	— —
	1950	— —
	1951	— —
	1952	— —

Inquiries of the Ministry

NATIONAL FILM BOARD REVENUE

Mr. Catherwood:

1. What was the total revenue of the national film board, during the year ending December 31, 1952?
2. Of this amount, does any of the revenue come from the showing of national film board films in the United States?
3. If any, what amount comes from this source?

Mr. Winters:

1. Revenue from films, $202,525.
2. Yes.
3. $78,517.

ST. JOHN'S, NFLD., PUBLIC BUILDING

Mr. Higgins:

What is the present position with respect to the erection of the federal public building in St. John's, Newfoundland?

Mr. Fournier (Hull): Preliminary studies have been made preparatory to discussion with the town planning commission of St. John's, Newfoundland, as to location of proposed public building.

QUESTION PASSED AS ORDER FOR RETURN

MOTOR CARS MANUFACTURED AND IMPORTED

Mr. Higgins:

1. How many motor cars were manufactured in Canada in 1952?
2. What was the value of same?
3. How many motor cars were imported into Canada in 1952?
4. From what countries were they imported and what was the value of the cars imported from each such country?
5. How much was collected in customs duties on the cars so imported?
6. How much in taxes was collected on the cars manufactured in Canada in 1952?
7. How many motor cars were exported from Canada in (a) 1951; (b) 1952?

FISHERIES

INCREASE IN CARAPACE MEASUREMENT OF LOBSTERS

On the orders of the day:

Mr. J. Watson MacNaught (Parliamentary Assistant to the Minister of Fisheries): Mr. Speaker, yesterday the senior member for Queens (Mr. McLure) asked whether the lobster fishermen in Prince Edward Island had requested that the carapace measurement of lobsters for canning purposes be increased to 2½ inches. The direct answer to this question is that they did not, but further explanation is essential.

At the beginning of the 1952 season it was decided and agreed that for canning lobsters a change should be made from the existing over-all length measurement of 7 inches to the more accurate carapace measure. Our scientists recommended 2⅜ inches as being the closest figure to 7 inches since it would give an average length of 6·9 inches and a range of 6·5 to 7·5. During the year we had constant complaints that the catches included lobsters much too small from fishermen in New Brunswick and Nova Scotia, who, it must be remembered, also fish lobster districts 7B and 8. Our scientists re-investigated in the light of one year's experience and recommended the increase to 2½ inches on the basis of conservation. This new measure will give a size range of 6·8 to 7·9 inches and an average size of 7·3 inches.

In October, 1952, the proposed change was explained and discussed with fishermen and processors at well advertised and well attended meetings at Moncton, Antigonish, Summerside and Shelburne. Considering as a whole the reactions at the first three meetings where fishermen and producers handling canning lobsters were heavily represented, the obvious conclusion was that the great majority of lobster fishermen and processors favoured the suggested increase.

Mr. Browne (St. John's West): I should like to ask a supplementary question, Mr. Speaker. Can the parliamentary assistant tell us the meaning of the word "carapace"?

Mr. MacNaught: Mr. Speaker, I cannot believe that there is much urgency in the hon. member's question, but in reply to it I may say that carapace is the upper shell of a crustacean.

DROP IN COD PRICES—SITUATION OF FISHERMEN IN MARITIME PROVINCES

On the orders of the day:

Mr. A. M. Robichaud (Gloucester): Mr. Speaker, I wish to direct a question to the Minister of Fisheries. Is the Department of Fisheries aware of the serious situation now facing the cod fishermen and the packers of fillets in the maritime provinces as a result of a substantial drop in prices on the United States markets with a large quantity of last year's pack still held over—

Some hon. Members: Order paper.

Mr. Speaker: Order. If the hon. member has a question which he can ask briefly, I will allow him to do so.

Mr. Robichaud: —or hanging on the market—

Mr. Speaker: Order. I am afraid I cannot allow that question.

Mr. Robichaud: Mr. Speaker, I will attempt to make it shorter.

Mr. Cruickshank: Send it over television.

An hon. Member: Write him a letter.

Mr. Casselman: Don't put on the steam roller.

Mr. Speaker: Order.

Mr. Robichaud: Is the Department of Fisheries aware of the serious situation of the cod fishermen and the packers of fillets in the maritime provinces?

Mr. Speaker: I doubt whether that is the type of question that should be asked on orders of the day. I cannot allow the question.

NATIONAL DEFENCE

RIFLE RANGE AND OTHER PROJECTS AT BAIE-DU-FEBVRE, QUE.—PROTEST AGAINST INSTALLATION

On the orders of the day:

Mr. Leon Balcer (Three Rivers): Mr. Speaker, is the Minister of National Defence in a position to answer the question I asked yesterday?

Hon. Brooke Claxton (Minister of National Defence): No, Mr. Speaker. I have not had the information yet.

EMERGENCY POWERS ACT

PROVISION FOR CONTINUATION OF ACT FROM MAY 31, 1953 TO MAY 31, 1954

Hon. Stuart S. Garson (for the Prime Minister) moved the second reading of Bill No. 279, to amend the Emergency Powers Act.

Mr. Macdonnell (Greenwood): Is the minister going to speak?

Mr. Garson: Mr. Speaker, my position in interrupting my friend the hon. member for Greenwood is that if I do not say something in moving the second reading of this bill, I shall not have an opportunity of making a reply; and if I have no opportunity of making a reply, I shall not have an opportunity of answering certain misstatements of fact and of law which now deface the record of this debate. Hence I wish to deal fairly briefly in my present remarks with the—

Mr. Drew: Mr. Speaker, I regret that, with the noise in the chamber, I could not hear what the minister said. If it would not be asking too much, might I ask him to start over again because I assure him that we on this side of the house could not hear what he said.

Mr. Speaker: May I ask hon. members not to carry on conversations in the house. If any hon. members desire to leave the house now that we have reached the orders of the day, may I ask them to do so as quietly as possible. That request applies not only to today but to every day. When hon. members who have other duties to perform are leaving the chamber, I would request them to leave as quietly as possible.

Mr. Garson: Mr. Speaker, in response to the suggestion of my friend the Leader of the Opposition (Mr. Drew), may I say that I had opened my remarks by saying that I regretted having to interrupt my friend the hon. member for Greenwood (Mr. Macdonnell), but that my position is that if I do not speak in moving the second reading of the bill I shall not later have an opportunity of making a reply, and for that reason would be deprived of the chance of correcting what I must regard as certain serious misstatements of fact and law which deface the record in this debate.

Mr. Drew: Is that word "debase"?

Mr. Garson: Deface.

Mr. Fournier (Hull): Change the face of.

Mr. Garson: The issue in this matter has been discussed perhaps at great length, but somewhat desultorily in committee and my only purpose in my present remarks is to bring together in as brief a compass as I can the basis upon which we of the government are asking that the Emergency Powers Act should be extended for another period of one year.

As we have made clear, in 1951, when the act was first passed, and on a number of occasions since, we have been seeking in the Emergency Powers Act not an extension or an increase in the powers of the governor in council, but on the contrary a diminution, an important diminution, in these powers. Once it is a fact that the nation is in the emergency of apprehended war, and the wide amplitude of powers under the War Measures Act become available to the governor in council under the War Measures Act, then the passage of the measure which we are now considering, the extension of the Emergency Powers Act, does not increase, it substantially diminishes the powers of the governor in council and subjects the orders in council passed in the exercise of those powers to the prompt tabling in parliament, and to a scrutiny by parliament, and to annulment proceedings that may be taken in a summary manner in respect of anything that is done pursuant to the Emergency Powers Act.

I concede at once that the validity of our argument depends in large measure upon one fact, and that is whether there was an emergency of apprehended war in 1951 when the

Emergency Powers Act was first passed, and whether that emergency still continues today.

We of the government took the position in 1951, and were supported on that occasion by every opposition party, by I think every member of the house who took part in the debates, with the single honourable exception, I must confess, of the hon. member for Eglinton (Mr. Fleming), who throughout this matter has been in disagreement not only with the government and with the C.C.F. and the Social Credit parties, but with all the other members of his own party as well.

Mr. Fleming: Why spoil a perfectly good statement by an addition at the end that is not right?

Mr. Garson: Well, I will quote in a few minutes to show that it is quite right, but I want to make it clear that he has preserved a consistent position from beginning to end in this matter, and his main embarrassment has arisen from the fact that he is a member of the Conservative party, and the position which he has taken consistently for the most part has been diametrically opposite to that taken by his party.

Was there an emergency in 1951? The Prime Minister, in seeking the passage of the Emergency Powers Act at that time, clearly indicated that there was, and the Leader of the Opposition agreed with him at that time. He said, quoting the Prime Minister, as recorded at page 500 of *Hansard* of February 20, 1951:

> He—

That is the Prime Minister.

> —has indicated that the emergency is the increased menace in the Far East which demonstrates the full extent of the threat of communist imperialism. He has quoted from some words I used in the debate on the speech from the throne. I agree that those words were intended to convey my own belief that there is an emergency of the nature which he described.

And indeed, sir, the support which was accorded the Emergency Powers Act in 1951 by every opposition party would make no sense, unless it was based upon a recognition by them of the existence of an emergency which alone would make an Emergency Powers Act justifiable.

Does that emergency still continue? That is again a straight question of fact. We say that it continues. We say that at a time when thousands of our citizens are fighting in Korea and many of them losing their lives, at a time when we have a brigade group on the Elbe, and six squadrons of the R.C.A.F. in Europe, and six more shortly to follow, and at a time when many countries throughout almost every part of the world give fresh evidences every day of a continuance of violence and actual or potential war, we continue in a position of emergency which justifies the continuance of this act.

That is not only our opinion. Just the other day the Leader of the Opposition expressed these views, as reported at page 2952 of *Hansard* of March 13, 1953:

> These are grave and serious hours. The news that comes to us from Europe today removes any suggestion that we are in a comfortable period where there are no great dangers in front of us. The events of yesterday and today, the cold-blooded murder of British airmen and the interference with the flight of a civilian aircraft going into Berlin, indicate the extent of the danger which is there all the time.

Again, the hon. member for Nanaimo (Mr. Pearkes), the military critic of the official opposition, has expressed the present position in even more forceful terms when he says that there was real war in Korea and apprehended war in Europe. I do not think that it is necessary, before a group of intelligent people, to harp upon such a notorious fact. I would not do so but for the circumstance that perhaps the strongest argument which has been made in opposition to the extension of this bill has been that by the hon. member for Eglinton (Mr. Fleming), and made with his usual eloquence and cogency. But it was weak only in one important respect, and that is that it was based upon the single premise that there was now no emergency, that there never had been an emergency. My hon. friend's premise does not exist in fact. Now, faced with this emergency, what was the position of the—

Mr. Fleming: I think the minister has agreed that his question to me and my answer related to whether there is such an emergency as justifies the government in invoking the War Measures Act. I said very clearly that there is in my submission no such emergency.

Mr. Garson: Well, is my hon. friend's present interjection to be taken as an admission upon his part that he thinks that there is some emergency of a lesser character?

Mr. Fleming: There is certainly none that justifies the introduction of this measure.

Mr. Garson: But my hon. friend will not deny that there is an emergency.

Mr. Fleming: Well, again the minister has asked me a question that is rather hypothetical. I am prepared to make my answer perfectly definite, that with respect to these two measures that have been referred to, namely, the War Measures Act and this Emergency Powers Act, I say most categorically that in my view there is no such emergency as justifies the government in

invoking the War Measures Act, or in asking parliament to extend the Emergency Powers Act.

Mr. Garson: I was quite clear upon that point, and I think that I frankly admitted in the remarks that I made just a moment ago that that is my hon. friend's opinion, and I thought that in this he was in pretty solitary splendour, that there is no emergency which would justify the extension of this act at the present time.

Mr. Drew: Mr. Speaker, may I make it clear that he is not in solitary splendour in that view. We have been supporting it right along.

Mr. Garson: I suppose my hon. friend the Leader of the Opposition would probably contend that that was his attitude when he made the remark in this house that I quoted to him a moment ago. I will deal with that in a minute. The hon. member says he denies there was such an emergency.

Mr. Drew: I did not.

Mr. Garson: The hon. member cannot rise unless it is a point of order.

Mr. Drew: On a point of privilege, Mr. Speaker.

Mr. Speaker: The Leader of the Opposition is rising on a point of privilege.

Mr. Drew: On a point of privilege, I wish to make it clear that the minister has misrepresented what I said. I did not say there was no emergency.

Mr. Garson: I will quote to my hon. friend what he said, himself. And then will he get up in indignation and say that he is misrepresented?

Mr. Drew: I will be up, don't worry about that.

Mr. Garson: This is what my hon. friend said, and I will repeat it:

> He has indicated that the emergency is the increased menace in the Far East, which demonstrates the full extent of the threat of communist imperialism. He has quoted from some words I used in the debate on the speech from the throne. I agree that those words were intended to convey my own belief that there is an emergency of the nature which he described.

And this emergency which the Prime Minister (Mr. St. Laurent) described was an emergency which he was invoking then under the Emergency Powers Act, and which he said at that time that he could have used to invoke the War Measures Act. And it was discussed by my hon. friend in these terms, because he went on to say this:

> I would point out, however,—

The Prime Minister did not go far enough to suit him.

> I would point out, however, that this emergency is not new. I would point out that when another bill was introduced in this house last September we sought to emphasize that there was an emergency of this very nature. True, the seriousness of the emergency is being recognized more generally, but the emergency that exists today was the emergency which existed in just as definite reality last September.

Now will my hon. friend get up and explain away that language? As I was saying the government in 1951 was faced with the alternative of remaining in a position where it could at a moment's notice, if an emergency arose which required the exercise of extraordinary powers, invoke the very wide powers of the War Measures Act. At that time the Prime Minister made it perfectly clear that we were seeking to have much more limited powers under the Emergency Powers Act than were then available to us under the War Measures Act, and that we were seeking to surround those powers with much greater control by parliament than parliament might exercise under the War Measures Act.

The powers that are given to the governor in council under the War Measures Act are so extensive as to enable him to exercise almost any of the wide powers which are ordinarily exercised by parliament, and he could do so secretly and in derogation of civil liberties, freedom of speech and so on.

When therefore the hon. member for Eglinton, with a lack of grasp of legal principles which is not characteristic of him as a rule, gets up and says in this House of Commons that the essential differences as between this measure, the Emergency Powers Act, and the War Measures Act—and I would ask hon. members to listen to this—are relatively insignificant, and that virtually, to all intents and purposes, this Emergency Powers Act is the War Measures Act—now, if that is the view held by a competent legal member of the Conservative opposition, you can imagine what sort of views are held by some of his colleagues. And that very view is a totally erroneous one.

For what are the powers which are withheld by the terms of the Emergency Powers Act? They are the powers, first of all, of arbitrary arrest, detention, exclusion and deportation; second, the powers of censorship or the control and suppression of publications and writings and, third, the powers of spending money without the authority of parliament.

Perhaps the language of the Emergency Powers Act is so plain and clear that my hon. friends are not too much impressed by it. But perhaps if we put that same language in the terms of Magna Carta, and say

that the powers of arbitrary arrest, arbitrary detention, arbitrary exclusion and arbitrary deportation are a denial of those provisions of Magna Carta which say that no free man shall be taken or imprisoned or be outlawed or exiled or otherwise destroyed nor will we pass upon him nor condemn him but by the lawful judgment of his peers or by the law of the land. It might then make a greater impression upon hon. members.

Do they not attach some importance to that kind of freedom? My hon. friend the Leader of the Opposition, when he is displeased with the utterances of some gentleman—Mr. Barkway, for instance, over the radio—could if his party were in power and by order in council under the War Measures Act have Mr. Barkway thrown into prison and left there, regardless of habeas corpus or remedies.

Mr. Fleming: Or your comments with respect to the editor of *Saturday Night*.

Mr. Garson: Yes, I would be glad to make reference to the editor of *Saturday Night*. By virtue of the provisions of the Emergency Powers Act Mr. Barkway, Mr. Woodsworth and the editor of Toronto *Saturday Night* can make all the speeches they like, and can write all the editorials they like, however false or offensive they may be, and there is not a thing that the Leader of the Opposition or I can do about it—and I am very glad that that is so. And I hope it always will be so.

Because surely, Mr. Speaker, if political liberty, if freedom from arbitrary arrest, freedom from arbitrary detention, freedom of speech and freedom of the press is relatively insignificant, then what is significant in a free country?

Mr. Fleming: May I ask a question?

Mr. Garson: No, not until I have finished with this paragraph. If that is not important, then what is important? The fact of the matter is that by virtue of the Emergency Powers Act we have forgone and we have deprived ourselves of the power to interfere with freedom of the press and freedom of speech by the provisions of this act. And so far as the editor of Toronto *Saturday Night* is concerned, he is in the position of an editor in every free country. It is up to him as a patriotic and responsible citizen to supply the discipline from his own integrity that is not imposed by the state. But if he wishes to misrepresent the laws of his country in writing an editorial, although I may disapprove of it, there is not a thing I can do about it. That is the way we want to keep our freedom of the press.

[Mr. Garson.]

During the course of the debate upon this subject the Leader of the Opposition brought in a reference to Charles I and his difficulties with parliament. I think that allusion to Charles I was particularly unhappy because the very thing which this Emergency Powers Act, to which he is objecting, provides and assures is that parliament shall continue to have control over the expenditure of public moneys. If I remember rightly, the main problem of Charles I arose from the fact that he was always trying to get money that parliament would not vote him, and when he made promises to parliament in order to get a vote from them and broke his promises, when there was a long continued course of breaking such promises, that was one of the main causes which led up to his being dethroned.

My hon. friend had the whole course of English history to which to refer in order to get an example and yet with his usual sense of fitness he picked upon Charles I as his reference in support of his argument in this particular matter, when in point of fact one of the main causes of the difficulties of Charles I was the expenditure of public moneys in accordance with an appropriation by parliament, which is guaranteed and protected by the Emergency Powers Act.

I should have thought that a measure of this sort would in the third year of its existence continue to receive the same measure of support which it received from the opposition parties during the first two years of its existence, because they all supported it then and, if I may express the view with deference, I think they should continue to support it.

Mr. Fleming: They did not support it.

Mr. Garson: Is my hon. friend still saying that they did not support it?

Mr. Fleming: I still recall to the minister what he apparently continually forgets, that two years ago this measure was passed on division on third reading and again last year it was opposed.

Mr. Garson: Mr. Speaker, I did not intend to deal with this aspect of the matter but since my hon. friend has interrupted me I think perhaps I should. A couple of days ago we heard my hon. friend speak in this chamber. I have heard him make some excellent speeches here from time to time, but I thought that he was far from being at his best two days ago.

Mr. Fleming: That is not what you told me afterwards.

Mr. Garson: No; what I told my hon. friend afterwards in a private conversation was that I could not object to his main legal points,

but I expressed no opinion about the matter that I am now going to discuss.

Mr. Speaker: The hon. member for Eglinton (Mr. Fleming) referred to the private conversation and the Minister of Justice (Mr. Garson) has replied. I do not think it is customary to refer to private conversations in the house.

Mr. Garson: I referred to it only to leave a correct impression. My hon. friend made a most remarkable argument here the other day. He showed his great patriotism to his party by appointing himself its scapegoat in connection with the point he made of his not having voted against this bill. Metaphorically speaking, he drove himself out into the wilderness. What he told us was this: On the second reading of the bill I must take some personal responsibility—

Mr. Fleming: There was no division in 1952.

Mr. Garson: He said in effect: here was every member of my party wrought up about this bill, violently opposed to it, going to fight it to the last ditch, but I was not there to give them the nod and therefore they did not do it.

Mr. Fleming: On a question of privilege, those were not the facts. The facts are on the record. That is not what I said. It was not a matter of my giving the nod. The facts do not admit of any difference of opinion because they are there on the record. As I said, the Leader of the Opposition had spoken strongly opposing the continuation of this measure. I said that I was to continue the debate when the next turn came around to the official opposition, and that that was to be followed by a division. I was not here at the very second by reason of a misunderstanding with the hon. member who was speaking for the C.C.F. I arrived about ten seconds later and the measure was passed by that time. It was not because anybody was waiting for a nod. There was to have been a division.

Mr. Garson: We have heard this story before. Under the rules of the house we have to accept it, and I do accept it. I say that it makes my hon. friend not only the scapegoat but the bell-wether for his party. What he is saying in effect is that a party which is strongly opposed to a measure and is fighting it tooth and nail will not get up and vote against it unless he is there to move a motion or make a speech or something of that sort.

I do not think that there is any member in this house of any party—including the Conservative party—who if he is strongly opposed to a bill, is not quite capable and has not enough sense to get up and vote against it when the proper time comes. The same remarks could be made about the excuse he made on the extension of the legislation in 1952. In that connection I think the hon. member for Winnipeg North Centre (Mr. Knowles) has a question of privilege which he could raise. The explanation was given to this house by the hon. member for Eglinton that he thought that the hon. member for Winnipeg North Centre was going to speak a lot longer than he did and that it was his fault for making that mistake.

Mr. Knowles: An error in judgment. Can I not shorten my speeches once in a while?

Mr. Garson: That is what I thought. In 1951 we had the support of all parties. If the Leader of the Opposition wants me to do it, I can read page after page from his speech in 1951. But I have read a lot of it on previous occasions and I think we can dispense with that now.

Mr. Fleming: That was before the bill had come in.

Mr. Garson: That is right, before the bill came down.

Mr. Fleming: No one then had seen the bill.

Mr. Garson: My understanding of the position of the Social Credit party and the C.C.F. party—they will correct me if I have misunderstood it—is that they supported the bill, like the Leader of the Opposition and his party, in 1951, because they were anxious to have controls put on at that time for the protection, as they claimed, of the Canadian people.

Mr. Knowles: You did not do it.

Mr. Garson: Being anxious to have controls put on, and recognizing as intelligent people that the governor in council would have no power to put on controls unless he was given emergency powers, they said, "We agree to give you emergency powers in order to put on controls." Now, the best that can be said for the argument of the hon. member for Eglinton, if effect is given to the whole of it, is that the position of his leader and his colleague—I do not include him in this because he was opposed to controls—was that they took the position: We are all in favour of controls. We admit that to put on controls you have to have emergency powers. We are opposed to your using the War Measures Act for this purpose. Yet we will not support the Emergency Powers Act. Well, if the Conservative party would not

support the emergency powers how were they going to get the controls they were then advocating?

Mr. Fleming: They could not support that bill after they saw it.

Mr. Garson: My hon. friends from the C.C.F. and Social Credit parties say that they are not against the principle of these emergency powers, but they supported them in 1951 and, if I understood my hon. friend the leader of the C.C.F. party the other day, he would be inclined to support them now if we would only use them.

Mr. Coldwell: Well, that is when parliament is not sitting—and if you used them in the interests of the people of Canada. I mean use when parliament is not sitting.

Mr. Garson: When parliament is not sitting. So, my hon. friends of the C.C.F. and Social Credit parties are not opposed to the matter in principle. They are voting against it—if they do vote against it—not because they feel that we were wrong in seeking the powers but because we have not used the powers in the manner in which they thought we would use them. That is very different from opposing the emergency powers in principle.

Now, I would say to them that for all they know and for all we know, we in a government such as ours which, frankly, does not believe in controls if they can be avoided may be faced within another three weeks, six weeks or nine weeks with the iron necessity of introducing some limited measure of control over some segment of industry. I want to ask my hon. friends of the C.C.F. and Social Credit parties whether they think, in accordance with principles which they have enunciated and the support which they have given this measure on previous occasions, it is a consistent principle with them to say to the government now: Because you, as a majority elected by the democratic votes of the Canadian people, have not exercised these powers in the way in which we, in the minority, have said you should exercise them, we should go so far as we can to take them away from you—so that you will not have them to meet an emergency or exigency if it arises.

Some hon. Members: Hear, hear.

Mr. Garson: Is that a consistent course to follow? I submit not, Mr. Speaker.

Mr. Coldwell: Is the minister asking me a question?

Mr. Garson: Yes.

Mr. Coldwell: The hon. gentleman states he does not believe in the principle of this measure, yet he is asking for power under it. Having received that power once, he failed to use it in the interests of the Canadian people. That is why we say: If you do not believe in the principle of controls, and as you have not used the powers we gave you, then why should we renew these powers so that you may use them against the people?

Mr. Garson: I am sure that my hon. friend misrepresents the position when he says we do not believe in controls.

Mr. Drew: You just said that.

Mr. Ross (Souris): Yes, the minister has just finished saying that.

Mr. Garson: As a matter of fact, this government in the period of the war, when circumstances were such as to warrant a system of control, had one of the most thoroughgoing and successful systems of controls in the civilized world.

Mr. Fleming: Under the War Measures Act.

Mr. Garson: Yes, quite right, under the War Measures Act. However, from the fact that we do not, under present circumstances, concur with my hon. friend in thinking that we should now put in a system of controls pursuant to these powers it does not by any means follow that circumstances in the kind of world in which we live today might not arise, under which a month from now we would think it just as necessary to put in controls as we did on previous occasions.

Mr. Fleming: Would the minister be good enough to indicate circumstances under which he conceives that might be necessary?

Mr. Garson: Mr. Speaker, I said before and I repeat again that the asking of a question of that kind indicates that the questioner does not understand the basic characteristics of emergency legislation. The real reason that we have to have emergency powers is precisely the fact that we are not able, not being prophets, to prophesy what exigency may arise under which the emergency powers will be necessary. If we could prophesy that, then it is quite true that we could bring down amendments to our existing statutes and we would not need the emergency powers at all.

An hon. Member: He knows that.

Mr. Garson: Why does my hon. friend think the War Measures Act, passed in 1915, with much greater powers than the Emergency Powers Act which he is getting so indignant about, has remained on the statute books since that date, even in times of genuine peace? It is because, when you have to deal with war or any other serious emergency, it is impossible to foretell the circumstances you will have to face. A man who would be simple enough to answer the type

of question my hon. friend has just asked should not be discussing this subject at all.

An hon. Member: He wants it for election propaganda.

Mr. Garson: Yes, I think my hon. friend asked it to see if I was simple enough—but the answer is that I am not.

Now, Mr. Speaker, in view of these facts and in view of the fact that we have curtailed our own powers, that we have subjected them to a much greater and closer scrutiny in parliament than they would receive under the War Measures Act, at a time when we have to face an indeterminate period of cold war, this legislation is the proper course to follow in the interests of the civil liberties of the people of Canada. We think we are entitled to support from every member of this house on second reading of this bill.

Mr. Fleming: The minister said he would answer a question which I sought to ask at an earlier stage when he was speaking about arrest. We will all agree with him about the importance of that provision, but I would like to ask him, in the light of the importance which he attaches to the exclusion of that power from the bill: why did the government in the first instance bring down in this Emergency Powers Act a measure which gives them unlimited power of arrest? What then did he have to say about Magna Carta?

Mr. Garson: I do not know what my hon. friend is trying to do unless he is attempting to embed in *Hansard* some gag which he can drag out on a later occasion for political purposes. My hon. friend knows perfectly well I have answered that question twice already.

Mr. Fleming: No.

Mr. Garson: I simply refer him back to *Hansard* of two days ago for one of those occasions, and I just cannot at the moment closely identify the previous occasion. However, it was my hon. friend who raised this point, and properly so, when the bill was before the house. He, the Prime Minister (Mr. St. Laurent) and I worked on the section of the bill as it reads at the present time in order to meet the point which he raised then and, as well, the point that we had to have protected.

There is no sinister reason whatever for the omission of the word "arrest". It was because we were informed by the law officers of the crown that if we did not omit the word "arrest" we would not even have any way of enforcing orders in council which we passed under the Emergency Powers Act. I told my hon. friend when the bill was going through the house; I told him two days ago, and I will tell him again if it will serve any purpose, that the power of arbitrary arrest is not of much value to a tyrant without the power of arbitrary detention. Under the laws we have in this free country, if you arrest a man arbitrarily and put him in jail, his lawyer goes down and takes out a writ of habeas corpus and obtains the man's release.

Mr. Fleming: How can you have detention without arrest?

Mr. Garson: You cannot have detention without arrest. All the provincial statutes, and the Criminal Code, provide for arrest. The only arrest that is contemplated under this act is the ordinary arrest that takes place all the time where a man is taken and put into a cell, and his lawyer comes along if necessary with a habeas corpus application. He does not need that in most cases as he just goes down to the jail, provides bail and the man gets out. All this pother that my friend has created certainly has no point to it at all.

Mr. Fleming: It has a great deal of point. You know it does, and that is why it troubles you.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, if there had at any time been any uncertainty in the mind of any hon. member about the danger of passing legislation of this kind, then that doubt should have been removed by the extraordinary argument made in this house by the minister who will be primarily charged with the responsibility of the enforcement of this act. I have only been in this house a few years compared with a number of the hon. members here, but I doubt if at any time since confederation there has been an argument by a supposedly responsible minister of the crown which has borne so little relation to the reality of the case.

Mr. Garson: I was quoting you a lot of the time.

Mr. Drew: The minister has said he was quoting me on a number of occasions. He did, but in a manner that is unfortunately becoming too habitual with him. He left exactly the opposite impression to what the facts actually were. The words he quoted concerning what I said on this act were at the stage when we were called upon to consider a resolution that it was expedient to introduce a measure to empower the Governor General to do and authorize such acts and things as would be provided for under an emergency measure. The act was not before us.

Emergency Powers Act

In supporting the resolution which stood in the name of the Prime Minister (Mr. St. Laurent), we were told by the Prime Minister himself that the government intended to define the authority given by the measure, to give us an indication of what it was that the government proposed to do. At that time we were under the impression, and this is very clear from what is on *Hansard*, that we were going to have a bill placed before us which clearly defined the circumstances under which any emergency measures could be adopted. My words very clearly indicate that this was our thought, and that this was the basis upon which our remarks had been made. There can be no doubt about that. On page 501, a short time after the words quoted by the Minister of Justice (Mr. Garson), as recorded in *Hansard* of February 20, 1951, I said this:

> I very much prefer that there should be presented to this house legislation which will make it clear what powers are being assumed by the government. I shall go further and say that it is of the utmost importance that such powers as the government seeks and as this parliament is asked to approve should be defined with the utmost clarity so that the public is not left in doubt as to what those powers are. Also, the area of our economy within which legislation of this kind is to operate should be stated clearly so that those who are likely to be affected by legislation of this nature are not going to be in doubt as to whether they will be affected or not, and by that very fact possibly contribute substantially to the inflation which has disturbed this country so much today.

That was what was said when we were dealing with the resolution to the effect that it was expedient that an emergency measure be brought in.

Then, on March 1, the bill was brought before the house. On page 800 of *Hansard* for March 1, 1951, I had this to say:

> At the time the resolution was before the house, which resolution had the effect of bringing into the house the bill itself, and while the bill was not yet before hon. members, the Prime Minister in his remarks indicated that it was desirable that this bill should place before this house and before parliament their responsibility for legislation and for what would be done. Following his remarks I expressed my own approval of the thought that had been expressed by the Prime Minister, to the effect that parliament was to be called upon to exercise its responsibility, and that parliament was to have the opportunity to deal with whatever measures were to be taken.

I then pointed out that was not the course that was followed. I could not have made it clearer that we were opposed to a bill of the kind that was introduced. I am not going to read extensively from that debate, because on that occasion I quoted Lord Hewart's famous book "The New Despotism", and pointed out by quotations from that book, and their application to this present measure, the danger of the course that was being recommended to this house by the Prime Minister and the government on this occasion. That was when the bill was before us.

Then, on March 5, the bill was in committee, and there again I dealt with this subject and left no doubt whatever about our opposition to a bill which gave such wide-open power to the government. On March 6, this bill was up for third reading, and on that occasion there was no doubt whatever as to what our position was. The only reason that at this stage of this discussion I am called upon to go back to what was said on this earlier occasion is the complete misrepresentation by the Minister of Justice of what did take place, after that misrepresentation has been brought to his attention time and time again.

Mr. Garson: Will the hon. member—

Mr. Drew: Unless it is a point of order or a point of privilege, I propose to continue my remarks.

Mr. Garson: On a point of privilege, Mr. Speaker, I was going to ask my hon. friend a question. If he does not want to answer it, I am content.

Mr. Drew: I shall proceed with what I was going to say.

Mr. Garson: Perhaps I might ask it before my hon. friend takes his seat.

Mr. Drew: The minister can follow whatever course he sees fit at that time. On page 952 of *Hansard* for March 6, 1951, I had this to say:

> Over and over again throughout history there have been tragic examples of free legislative bodies handing over their authority to meet an emergency and then not being able to recapture that authority at some future time when those with a different point of view were unwilling to surrender those powers.
>
> To the statement that I have just made the Prime Minister can answer that this bill will terminate next year. In that respect may I point out, Mr. Speaker, that if in the present emergency this bill is necessary, then it will be necessary next year to renew the measure, or an even stronger one, because we are passing a complementary measure, the Defence Production Act, which is to continue for five years and which obviously will go in double harness with this bill now before us. Therefore unless the government is going to introduce or bring into effect by proclamation a still stronger bill, this legislation will continue for some years, and there may come a time when, through pressures, through force of circumstances that we cannot now envisage, a government of another day might be unwilling to abandon the powers so obtained.
>
> The Prime Minister may also say: This is in the hands of parliament. In answer I would say that we have not seen too much evidence, during this session or preceding ones, that there is that measure of independent expression of opinion by the large number of supporters of the government in this house which would suggest to those who are

concerned about the trend we now see that we might hope that within this house there would be a vote which would place any effective restraint upon a government which commanded a majority of that kind. Unless we return to established and tested principles of parliamentary democracy we may in fact at this hour be in the twilight of freedom here in Canada, no matter how much we believe in freedom itself. We Canadians can pay the penalty of surrender just as other people have paid the penalty of surrender of those principles which protected the freedom in which they believed.

Then, Mr. Speaker, having indicated in such clear and unequivocal terms our objection,—

Mr. Garson: May I have the page number?

Mr. Drew: Mr. Speaker, I do not wish to be interrupted in the middle of a sentence nor do I intend to be interrupted except on a question of privilege or a point of order.

Mr. Garson: Mr. Speaker, I rise on a question of privilege. I think it has been the custom, among courteous members of parliament, that when another member wishes to know the page of *Hansard* which is being quoted, the hon. member who is quoting will give it to him.

Mr. Rowe: That is not a question of privilege.

Mr. Drew: That was not a question of privilege and the minister well knows it. The minister well knows that I gave the date and the page from which I was quoting; it is 952.

Mr. Rowe: The hon. member gave it before he started quoting.

Mr. Drew: May I just point out that, having indicated clearly our objection to this measure and our objection to the principles that were inherent in a wide-open bill without any definition of the circumstances under which these wide powers could be invoked, we indicated our objection to the bill by the accepted practice of saying "On division".

Mr. Speaker, I do not intend to discuss at all the extraordinary process of reasoning by which the minister has once again, in spite of the fact that this has been pointed out to him before, tried to distort the facts as to what took place in this house by suggesting that we supported the measure on that occasion. We opposed the measure, and we opposed it on every possible occasion when the measure was actually before us. The words he quoted by way of indicating our approval were words that were used at the time that the bill was not before us and when we presumed that the bill was going to define the authority of the government.

Let me now come to the remarkable mental gyrations of the Minister of Justice in the contentions that he has put forward. He has said: They approved this measure before—which of course is not so—and then they say, "Because you did not do what we, a minority, think you should have done, we now say that we will not support what we supported on an earlier occasion."

Mr. Garson: I rise on a question of privilege, Mr. Speaker. I never said any such thing as applied to my hon. friend's party. My remarks were entirely confined to the Social Credit and C.C.F. parties; they had no reference to my hon. friend, and his statement is quite wrong.

Mr. Drew: Mr. Speaker, my statement is not wrong in any word. My statement referred to what the Minister of Justice—

Mr. Garson: Mr. Speaker—

Mr. Drew: I insist on finishing my sentence, Mr. Speaker.

Mr. Garson: Mr. Speaker, I have stated what I said and I believe that, by the rules of the house, my hon. friend, whether he likes it or not, is under obligation to accept my statement.

Mr. Drew: The minister well knows that I am compelled to accept a statement that was made, but the statement he made was not earmarked in relation to anyone in this house. The statement he made was a general statement. Since he now says it referred only to others besides the members of the Conservative party, that in no way changes the purport of what he said. It does not change it in any way. It is an equally distorted form of reasoning.

Mr. Knowles: It makes it worse.

Mr. Drew: It only makes it worse, in fact; because he apparently thinks that we are mind-readers and that we know which of these mental gyrations of his is intended to relate to one part of the house or another.

In that particular case let me remind the minister that I heard no suggestion that this bill was not now being supported because the government had not said that it would do what the minority said it should do. As I recall it, what was said in that respect was that there was a great deal of objection on this side of the house to the fact that the government had put forward this bill with the assurance that it was going to deal with controls and that we objected to the government's asking for a renewal of the same bill when they had shown that that was not their intention and they had never invoked the powers for that purpose.

Mr. Fournier (Hull): The government never gave that assurance.

Mr. Garson: And the Leader of the Opposition knows that perfectly well.

Mr. Drew: Mr. Speaker, that was the reason that was given on behalf of the government as a reason for putting this measure forward. It was stated on behalf of the government that this would be stand-by power so that they could deal with this extremely important question; and on many occasions—

Mr. Fournier (Hull): That is not an assurance.

Mr. Drew: —and by different members of the government that was stated.

Mr. Speaker, the fact is that the only supportable reason why emergency powers of that kind could properly have been adopted on that occasion was the argument put forward by the government; and the very words that I have read from the *Hansard* of that day indicate quite clearly that what was in our minds on that occasion was the statement of the government that they were going to employ this measure for the purpose of dealing with inflation by some type of controlling measures under this act. That is perfectly clear. The fact is that if it was not their intention, then, in so far as we may accord some freedom of judgment on the part of the hon. members of this house on the other side, this bill was passed under false pretences; because the argument that was put forward long before the time it was discussed in this house was an argument which indicated that the government proposed to deal with the dangers that were in everybody's mind at that time because of the pressure imposed by the dual demands on our economy of defence and peace requirements.

The Minister of Justice has, with his customary graciousness, referred to my concept of history and has, with his customary accuracy, pointed out the fundamental difference between what is now before us and what was in issue at the time of Charles. He tells us that the expenditure of money, which was very much in the minds of those who were discussing constitutional issues in the time of Charles, is removed from consideration here. But the Minister of Justice forgets the act that he is supporting and forgets the exception in that act.

Mr. Garson: Oh, oh.

Mr. Drew: Because in section 2, subsection 2, paragraph (c), we find that the third of the general exceptions provides that the power conferred on the government does not include power to make orders in relation to:

(c) expenditure of moneys otherwise than in accordance with an appropriation by parliament—

And these are the important words:

—except expenditure of moneys from any fund or account established by order or regulation in connection with a scheme of control for the purposes of that scheme of control.

Mr. Speaker, that exception makes it possible for the government to deal with almost any plan it seeks to put into effect, because it could put into effect a plan of general control which would embrace any particular part of our economy and then proceed to allocate money without coming back to parliament for approval of one cent of that advance. I wish to make it quite clear that I am not suggesting for one moment that at some subsequent time the government would not have to come back to parliament and place that item before parliament. But that would be too late for parliament to exercise its fundamental and primary power to advance moneys at all and to control the expenditures before they are made.

Then we have heard a lot about arrest and the extent to which the government has gone to deny this power of arrest in the act now before us. But there again we have a joker and a very powerful joker indeed, because the exception in this case is to be found in section 2, subsection 2(a). There we find that the subject matter excepted from the power of the government to pass orders in council or regulations under this act is as follows:

Arrest, except as incidental to proceedings under section three, detention, exclusion, or deportation of any person.

Now, arrest; that is the word which the Minister of Justice emphasizes. The exception in regard to arrest to arrest except as incidental to proceedings under section 3, and section 3 reads:

—and regulations made under or pursuant to authority conferred under this act have the force of law while this act is in force.

In other words, this act may make orders in relation to any of the daily activities of our people, and having made that order, it has the force of law, and if there is a breach of that law, then there can be arrest in relation to that law under the very section to which the minister has referred with such emphasis.

This act is an act which extends once again emergency powers that were supposed to be granted for a particular purpose and at a particular time. It was pointed out at the time this act came before us that there was danger that it was not just going to be for two years, but that it would be extended

indefinitely once it got on the statute books. Let us see just what has happened. First of all there was the emergency legislation during the war itself. Then the National Emergency Transitional Powers Act; it was put forward not because of the need of emergency legislation so much as simply a device to continue the orders still in force. And then when all these orders had disappeared and had been rescinded we were asked to support a new emergency order, and that order was passed in 1951.

It is true there was not the same extended opposition to that measure that there has been on this occasion, because it was recognized that if there were to be those steps taken which the government indicated it proposed to take, then it was necessary that some emergency authority be granted. May I remind the government on this occasion, and the minister particularly who puts this argument forward, that we have made it clear on this occasion that we believe it may be desirable to have certain emergency powers clearly defined under specific acts which will mean that the government can act only in circumstances known in advance by the members of parliament who delegated that authority to them.

We have pointed out that even if the problem of box cars arises, which is so much in the mind of the Minister of Justice, he can deal with them by an amendment to an act that already deals with box cars. And if there are to be certain other emergency provisions, they may be included in other legislation now on the statute books which would make it possible for the members of this parliament to know within what general range of circumstances the government is going to be able to take the emergency action that is contemplated.

I repeat that we cannot disregard the fact that there is emergency legislation already in existence of which we do not know the details, and in regard to which we certainly have no idea as to the steps that have been taken under that secret order. I repeat that if one secret order can be made, any number of secret orders can be made in exactly the same way. I point out that, when the minister speaks about the way in which we have been assured that any measures passed under this act will be subject to the review of parliament, this is a meaningless assurance in view of the fact that it would be necessary for those who object to what the government had done to be able to obtain a majority vote from the members of this house.

Without saying anything about the voting habits of hon. members which might incur the displeasure of Mr. Speaker on this occasion, may I simply say that we have not had any evidence which would support our belief that we would be likely to gain the support of the majority of hon. members when we must in that case have a large number of those who in the ordinary course of events do vote so regularly in support of the government. And yet any real power of review, any real power of change, any real power of protection on behalf of the people of Canada is entirely dependent upon that reality which not one of us can disregard. Therefore we have in the first place the possibility of secret orders, any number of them, although there is only one today, or so we are told; and also the reality that in the case of these orders not placed under terms of secrecy by an order in council under the Regulations Act, we have in fact no real chance to change them, and in any event steps would already have been taken which would have committed the government very substantially before any discussion could take place in regard to these matters.

I indicated before, Mr. Speaker, that we were not suggesting that this is a problem that is related only to our parliament. I pointed out that this is a problem that relates to all parliaments which have been called upon to exercise emergency powers during those past few years, and I should like to read into the record words that, even in spite of his susceptibility in respect of anything that he thinks might savour of politics, cannot be regarded as an adverse political comment when I say that what I am quoting was put forward in the British House of Commons by the leader of the Liberal party there. This is what Mr. Clement Davies had to say on October 23, 1950, in the British House of Commons in regard to this trend about which I believe more concern should be expressed by hon. members, not just those who are members of the opposition:

> It was sad to see how little interest was being taken in a matter that concerned the sovereignty of parliament by members of all parties. During the last thirty years the tendency had been to surrender back to the executive powers that had been won from them over the centuries. There was a tendency to initiate a new judicial power, to create administrative laws, making the executive to a large extent judges in their own case. The sovereignty of parliament was threatened. All the time we were being called on to surrender more and more of our rights and privileges to the government of the day. This continuous erosion was far more dangerous to liberty than any attack from the other side. We were awake to that and could resist it, but the drip, drip, drip of erosion was more likely to destroy the house.

Mr. Speaker, it is this erosion of the powers of parliament that should cause more concern

to private members on the other side of the house than has been displayed at any time during the discussion of the measure now before us. It is this erosion of the powers of parliament which is indicated by the fact that a measure which was brought forward under different circumstances in 1951, and with different arguments, is now put before us with the suggestion that we should concur in the extension of the order, without any resistance, because it has already found its way onto the statute books, and as a result of arguments in its support that have no validity today.

Let us repeat that while the government may regard this as an emergency, the emergency today is not in the nature of the emergency that was before us at the time this matter was under discussion in 1951. At that time the Korean situation was extremely uncertain. At that time there was none of the combined strength that now does give ground for hope that the free world presents a sufficiently united front to defeat aggression.

At that time we did not have the great and powerful organizations which today bring together so effectively the strength of the nations of the western world. True, the situation is serious. True, there is a war, and a terrible war for those who are engaged in it, now taking place in Korea. True, there is a threat in many parts of the world. But the simple fact remains that, with that measure of stabilization which has come about, short of war, invasion, insurrection, or apprehended war, it is not likely that any one of us is going to live through a period which will be any less of an emergency than that through which we are now living.

We know that there is an act on the statute books that can be employed, if invasion, war or insurrection, real or apprehended, should occur. That being so, we believe that the government should now be trying to find ways and means by which we can create long-term plans under this kind of life which we are going to live probably for the rest of our lives, which will preserve the rights, powers and sovereignty of parliament; and, particularly in this country of ours, not only preserve the sovereignty of parliament but protect and continue, in its full balance of authority, that federal system which is the basis of our national unity.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, I should like to make a few, I hope, fairly brief observations and in doing so I would call a few witnesses from outside the chamber.

Sometimes the duty of the opposition is a little frustrating. Often we feel there is a kind of iron curtain dividing this chamber, so that arguments that we feel are convincing seem to get stopped in transit.

Mr. Adamson: An ivory curtain, not iron.

Mr. Macdonnell (Greenwood): I shall bring witnesses from outside. Sometimes I believe delay is a good thing; and in this instance, owing to the delay, there has been time for public opinion to begin to catch up.

As I said a moment ago, often in the opposition we seem to be frustrated because we do not seem to get the help to which we feel we are entitled from outside the house. I am happy to have here some clippings which will show that apparently there is a widespread feeling throughout the country that this is a bad measure. It would seem that the country is beginning to realize we are not just talking about words, when we oppose emergency powers, but that we are talking about things which can be real and important.

I should like first of all to read a leading editorial, or part of it, from the Calgary *Herald* of February 10, which is headed "The Prime Minister Uses Strange Words", and states:

> Last week the House of Commons debated a government motion to extend the emergency powers bill for another year. This bill, in effect, gives the cabinet dictatorial powers, enabling it to—

Mr. Speaker: Order. I do not think it is customary to quote from sources outside the house opinions as to what is taking place in the house. That has never been permitted. It is true that I have allowed reading of a limited number of factual editorial opinions; but I cannot allow a controversy between someone outside the house and someone in the house. I think our rules are clear on that point. Citation 265 in Beauchesne's third edition states:

> It is not in order to read articles in newspapers, letters or communications emanating from persons outside the house and referring to, or commenting on, or denying anything said by a member or expressing any opinion reflecting on proceedings within the house.

Also see citation 266.

An hon. member is expected to express his own opinions; but I think he can see the position in which the house would find itself if a debate were to be permitted between someone in the house and someone outside the house.

Mr. Macdonnell (Greenwood): I am surprised, Mr. Speaker, because it seems to me I have heard scores of quotations read by hon. members during the course of debates. Indeed, I myself in the budget debate, I recall clearly, read during the course of my speech twelve or fifteen comments referring to the effect of the budget, and commenting as to the wisdom or the lack of wisdom in what was contained in the budget.

I find it difficult to understand why comment concerning the wisdom of the government in introducing an emergency powers bill is different from comments concerning its wisdom in introducing the budget. I have vivid recollection of quoting freely from the press in my speech in reply to the Minister of Finance (Mr. Abbott).

Mr. Fleming: May I say a word on the point of order. Surely the essential difference is that an editorial which comments upon a measure before the house may be read. It is perfectly proper for an hon. member to read an editorial under such circumstances. It may not be proper to read editorial comment upon a debate or upon the course of a debate in the house. My understanding is that where editorial comment is to be found in the press relating to measures before the house, it is perfectly proper to read it. As I understand it, that is what the hon. member for Greenwood (Mr. Macdonnell) was about to do, to read a comment on the measure, not on the debate.

Mr. Speaker: I heard the hon. member's opening remarks and I think he is commenting upon a speech made by the Prime Minister (Mr. St. Laurent).

Mr. Macdonnell (Greenwood): No, Mr. Speaker, a comment on a speech by the Prime Minister, a very short speech. As a matter of fact, it was a comment on the Prime Minister's comment that he did not want to listen to the debate. That is what I referred to here.

Mr. Speaker: I do not think that should be permitted at this time. That is the type of remark made outside the house which I think should not be referred to within the house.

Mr. Macdonnell (Greenwood): I must defer to your ruling, of course. I pass on to a quotation from Mr. Elmore Philpott in the Vancouver *Sun,* which I think you will pass because it certainly is merely a comment on the measure and has nothing whatever to do with the debate. This is from the Vancouver *Sun* of February 15:

> It is no doubt true that there will be no serious abuse of the emergency powers, if they are granted for another year. But it is worth remembering that neither this Prime Minister nor this government will last for ever.

I hope that is not unparliamentary, Mr. Speaker.

> Nobody knows who will head our government a year hence. A bad principle is a bad principle—and this is a very bad principle. A bad precedent is a bad precedent—and this is a very bad precedent.

Now I wish to come to a quotation from the *Post-Record* of Sydney, Nova Scotia. I think you will agree that this is discussing the principle of the measure and is not in the remotest degree discussing the debate. There is one brief reference to the debate, but the article is discussing the principle. It reads:

> Thoughtful Canadians will endorse George Drew's timely reaffirmation that parliament is the supreme authority representing the people and that authority should not be delegated to a handful of cabinet ministers.
>
> It is somewhat alarming that a major principle of our freedom—something that is perfectly obvious—has to be stated firmly in the Commons to a cabinet that shows disconcerting signs of forgetting it.
>
> The Progressive Conservative leader would have failed in his plain duty had he not protested against extension of the government's Emergency Powers Act for another year. Mr. Drew has called attention to an unfortunate trend in Ottawa. An aroused public opinion needs to remind the government it is assuming too much.
>
> The government says it has good reason for holding on to a law which gives it wide power of emergency action over almost all phases of Canadian economic life. It has, however, not given parliament any reason whatever and has failed to convince the nation.

Mr. Speaker: I think that is commenting upon what the government is proposing with respect to the matter.

Mr. Macdonnell (Greenwood): It is merely this writer's opinion of the measure on which we are asked to act.

Mr. Speaker: I gather it is that writer's opinion of the proceedings in the house with respect to the measure, not on the merits of the measure itself.

Mr. Macdonnell (Greenwood): With deference, it seems to me it is commenting on the merits, on the whole principle involved.

Mr. Speaker: May I read this reference again?

Paragraph 265 of Beauchesne's third edition reads:

> It is not in order to read articles in newspapers, letters or communications emanating from persons outside the house and referring to, or commenting on, or denying anything said by a member or expressing any opinion reflecting on proceedings within the house.

Surely that article is referring to and commenting upon what has been said by an hon. member in the house.

Mr. Macdonnell (Greenwood): As I listened to what you were reading I thought it might refer to some statement made about somebody. This is merely referring in a general way to the principle which is involved here.

Mr. Speaker: I think the article was referring to the debate. I have allowed factual editorials to be quoted here, but not where it raises an opinion about or criticizes the actions of some member of the house or of the government. That is for the members here to do.

Mr. Macdonnell (Greenwood): I confess that I am in difficulty because I understood you to say that you objected, not to the quotation of an editorial opinion on the subject but of an editorial opinion as to statements made by people in this house. I submit that I have not been doing that except possibly in the case of the first editorial. I now come to the Ottawa *Citizen* where the editorial is of the same nature according to my view. I will read it for your approval or otherwise. It reads:

In 1950 and 1951, shortly after the fighting in Korea began, most Canadians would have agreed that a state of apprehended war did indeed exist. The government was obliged then to exercise special power to rule by order in council in the interest of security. But there is some doubt, at least in parliament, that a state of "apprehended war" still exists. It is a shifty definition of an emergency, changing with the times, and meaning almost whatever the government wants it to mean.

This was disclosed in Wednesday's debate. Mr. Garson, the Minister of Justice, said—

Perhaps I should pass over that. I continue:

This seems to mean that in the government's view, unrest anywhere in the world—

I should have said that the reference was to the Minister of Justice's worry about unrest in South Africa:

This seems to mean that in the government's view, unrest anywhere in the world results in a state of "apprehended war", is a threat to Canada's security, and warrants passage of the Emergency Powers Act. Yet surely this cannot be what the government actually means. Clarification of the circumstances which would justify the Emergency Powers Act is badly needed. Otherwise, a Canadian government could seek very wide powers on the ground that oil expropriation in Iran, disturbances in Bolivia or—

Mr. Garson: On a point of order—

Mr. Speaker: It seems to me that the hon. member is now raising a point which is argumentative as between somebody outside the house and somebody in the house.

Mr. Macdonnell (Greenwood): I will pass that over.

Mr. Garson: I was not objecting to my hon. friend's quoting from the newspaper; I was objecting to the substance of what he was saying which does not correctly represent my viewpoint on the matter. I must repudiate what he is quoting.

Mr. Speaker: That is the difficulty which arises when the opinion of someone outside the house is quoted with respect to what an hon. member has said in the house. That is what I am endeavouring to prevent.

Mr. Macdonnell (Greenwood): It is all subject to your approval. I just read a short paragraph and I shall continue with the closing paragraph from the Ottawa *Citizen* which I think will escape your ruling. It reads:

The world being what it is, there will always be an excuse to ask for emergency powers, whether the threat to Canada's security is real or fancied. This cannot be what parliament wants.

Here is one from the London *Free Press* of February 9 which I think is all right.

It is strange that Canada should be re-enacting wartime emergency powers at the same time Washington is freeing its economy from wartime controls.

The Emergency Powers Act, which was passed in Ottawa after the outbreak of the Korean conflict, runs out on May 31, and the government is asking that it be extended for another year. All opposition parties object to this, largely on the grounds that there is no definite emergency, and that the government has used the emergency powers for purposes that might well be served by regular legislative channels.

That is not editorial comment on the merits of this bill; it is a statement referring to opposition parties in the house.

Mr. Speaker: It is something in the editorial columns, but it is more or less a news item, and I do not think I should permit the hon. member to continue.

Mr. Macdonnell (Greenwood): I am sorry, Mr. Speaker; I thought it was quite free from the difficulty of comment from this or that member, and that it was a general statement. However, I will leave the matter and quote from a short paragraph which occurs later.

Mr. Sinnott: Mr. Speaker, I rise on a point of order. On three or four occasions you have requested the hon. member for Greenwood (Mr. Macdonnell) to refrain from reading from newspapers but he continues to do so. I would like the house rules adhered to.

Mr. Ferguson: Beauchesne, 3,444!

Mr. Speaker: I have never ruled that no extracts whatsoever could be read.

An hon. Member: He would not understand anyway.

Mr. Speaker: I think the house understands the rule.

Mr. Hees: Not the member for Springfield (Mr. Sinnott).

Mr. Speaker: I am sure the hon. member for Greenwood does, and I will leave it with him.

Mr. Macdonnell (Greenwood): I thought the hon. member for Springfield would have realized that I was trying very, very hard to fit myself into your ruling and read nothing to which you would object. There is just a short paragraph from the London *Free Press* which I think is all right. It is an expression of editorial opinion.

It would seem as though there is some wisdom in the opposition plea that emergency powers

should only be granted in a real emergency, and there is considerable doubt whether the present "cold war" constitutes such an emergency.

Mr. Speaker, these extracts do not seem as popular as I had hoped they would be, and perhaps I will not read any more of them. I have read enough to show that there is quite a widespread feeling in the country that we are not just discussing a long word, "emergency", that does not mean anything to anybody, but that it does concern things which very importantly affect our day to day life.

I would like to make a few brief comments resulting from the extracts that I have read. I have only been in this house a short time, but even in the short time I have been here I sense a constant increase, almost subconscious perhaps, almost automatic perhaps, of executive power. I suppose this was inevitable when there is such an overwhelming majority as against the last parliament, when the majority was quite moderate and when I think once it fell to as little as five. Whatever the reason is, the change is there.

Perhaps what has impressed me as much as anything is the incident to which I was going to refer when you stopped me. It is the fact that a man as courteous and considerate as the Prime Minister (Mr. St. Laurent), conscious of his duty, should feel that this matter of emergency powers was not of sufficient importance to warrant him staying and listening to two members on our side of the house who, I think, are as competent as any two people in this house to discuss this all-important question. The very fact that the Prime Minister did not stay made me feel more than ever that we have reached a stage where it is assumed that you have the power and you hardly need to justify it at all. The government are so used to getting what they want.

Now I just want to spend a few minutes examining what need there is for this government to have these powers. I would like to know how many of us have actually taken the trouble to find out what power the government has, and I will confess that until I tried to prepare myself to make this short speech, and until I had read the Emergency Powers Act and what is much more important the Defence Production Act passed in 1951, I was not aware of the extent of the powers which the government had. At least I was not aware of them in any real detail.

I would like very briefly, and I know that this is not the first time this has come up, to refer members to a few of the chief powers contained in the Defence Production Act. After all, the emergencies we are thinking about are associated with war and defence. If in fact this Defence Production Act gives the most far-reaching, comprehensive and almost unlimited powers to the minister in connection with matters of defence, then I think it is very relevant to consider whether further powers need to be granted. Let me draw attention to a few of the powers which are contained in this Defence Production Act. I shall read just a few words to give you the flavour. Section 11 states:

> The minister shall examine into, organize, mobilize and conserve the resources of Canada contributory to, and the sources of supply of, defence supplies and the agencies and facilities available for the supply of the same . . .

Later on in the section these words appear:

> . . . and generally shall take steps to mobilize, conserve and co-ordinate all economic and industrial facilities in respect of defence supplies and defence projects and the supply or construction thereof.

I shall now read just part of section 14:

> The minister may, on behalf of His Majesty and subject to the provisions of this act, acquire, store, maintain and transport and sell, exchange or otherwise dispose of such materials or substances as may be designated by the governor in council as materials or substances essential to the needs of the community of which it is advisable to maintain stocks to safeguard against possible shortages . . .

Section 15 is a long section and I shall only read the beginning:

> The minister may, on behalf of His Majesty and subject to the provisions of this act,
>
> (a) buy or otherwise acquire, . . . supplies;
>
> (b) manufacture . . .;
>
> (c) construct or acquire defence projects . . .;
>
> (d) arrange for the performance of professional . . . services;
>
> (e) purchase or otherwise acquire, sell, exchange or otherwise dispose of real or personal property . . .;
>
> (f) make loans or advances . . .

And so on. Section 16 provides the money. The minister has a defence production revolving fund. Section 17 gives the minister wide powers to contract.

> The minister may . . . enter into contracts for the carrying out of anything he is authorized to do under section 14 . . .

Mr. Speaker: The bill before the house is the Emergency Powers Act and the hon. member is now discussing another act. I have no objection to him making brief reference to it, but I do not think he should continue further with that act.

Mr. Macdonnell (Greenwood): Well, with deference, Mr. Speaker, my argument is, as I shall seek to show, that these further powers are not necessary. I seek to show that partly by drawing attention to the very wide powers which the government has outside the Emergency Powers Act altogether.

Mr. Speaker: I might just stop the hon. member there and say that I thought he had quoted quite extensively from the other act.

Mr. Macdonnell (Greenwood): I wish to make only one further reference and I shall put this act away. I point out that there is embodied in the Defence Production Act what was formerly called the essential materials act, under which additional wide powers are given. I will say no more about that matter.

There is, of course, the "offences" section about which I wish to say a word. It is a section which I suppose governments must always have, with the ugly word "guilty", and appropriate punishments are provided.

All these powers were given by parliament to enable the urgent problem of defence to be dealt with. I have just stated the real purpose for which they were given. I defy anyone who will read the Defence Production Act to suggest any power which is lacking to carry out defence measures—short of the case of the great emergency which would bring in the War Measures Act—under the Defence Production Act, of which we have all approved and under which we have given these wide powers to the Minister of Defence Production (Mr. Howe). He is very good at getting powers and we are very good at giving them to him, but it should not become a universal habit.

There is another thing I should like to mention. We are now eight years from the war. One would have thought that the time had come when transitional emergency powers might be at an end. If we extend them this year it seems to me we are almost slipping into the situation to which the Leader of the Opposition (Mr. Drew) referred earlier, we are almost recognizing them as the normal accompaniment of the situation in which we are now and which is likely to continue for a good many years. In other words, if we are willing to let them go through this year it would be much more competent for the government to say next year, "You did it last year, why don't you do it again now?"

I want to say a word about the original speech delivered by the Minister of Justice (Mr. Garson), in which he gave the reasons for the passage of this act. I must say, with deference to him, that I did not think he gave us many reasons which were very effective. It was a long speech. I did not count the words, but it looked to me like several thousand. I did not find any very convincing reasons. He did one thing which surprised me. He laid great stress on the fact that the orders in council would be tabled in parliament. Well, does the minister think there is much significance in that? Does the minister think that when these things come to parliament as *faits accomplis* the opposition is going to be able to do anything about them? It is really secret legislation.

Mr. Garson: That is up to the opposition.

Mr. Macdonnell (Greenwood): It is secret legislation passed without discussion and without the public having any knowledge of what is happening. Surely the minister does not seriously ask us to think it is much help when, some time later, these orders in council are tabled. I wonder if there is any case on record in any democratic assembly, in which the government has a substantial majority, where the action of the government was voided? In other words, it seems to me it is just the old business of locking the door after the horse is stolen, except that we would not even be able to lock the door. We would just know that the horse was stolen. As I say, I find it difficult to believe that the minister was serious about that.

The minister and the hon. member for Eglinton (Mr. Fleming) have spoken already about the War Measures Act and this act. I must say the words are extraordinarily similar. I appreciate the differences as set out by the minister; nevertheless there is a broad similarity. Both acts start with words that are so familiar in any act with broad powers:

> The governor in council may do and authorize such acts and things, and make from time to time such orders and regulations, as he may by reason of the existing international emergency deem necessary . . .

I am not going on with that. The powers are broad, and if I may say so the minister seemed to go back again and again to the idea that we should give him great credit because the government refrains from invoking the full powers of the War Measures Act but is taking this instalment instead. My argument is that it does not need either. The Defence Production Act gives ample powers, and if a real emergency comes the War Measures Act is there. We do not need this in-between measure at all.

At page 2093 of *Hansard* for February 19, 1953, the minister went over the orders in council that were passed, and they were trivial enough, as he said. Most of them were repealing previous ones. There was nothing of substance there. I think the minister will admit that. Indeed, one of the great arguments the minister makes is that the government has done really very little so there is nothing to worry about, but it is desirable nevertheless to have these powers.

There is one other thing the minister said to which I take great exception. At page 2093 of *Hansard* for February 19, 1953, he says:

> They are powers which are taken in an emergency to deal with matters which must be dealt with more rapidly than parliament can deal with them whether it is in session or prorogued.

Now, Mr. Speaker, I seriously question those words. The suggestion there is that parliament is not competent to act promptly in an emergency; that it would not recognize an emergency when it saw one. My recollection is that in 1940 when real war descended upon Britain, in a matter of hours they passed unprecedented legislation giving the government full power over the economic life of the country. That is my recollection. If I were better informed about the proceedings in this house I am sure I could adduce instances just as striking. I do not know whether the minister quite intended to say that, but to me it is a rather shocking suggestion that the government must have powers independent of this parliament, even if this parliament is sitting, because this parliament cannot be trusted to have enough sense to exercise its powers. Therefore they have to give them up to people who are competent to exercise them. I resent that suggestion very much.

It seems to me the suggestion makes parliament a laughing-stock. We do not stand too high in public esteem now, and I am sometimes humiliated to think that our position is not what it should be. I think our position would be degraded still further if the people believed we had accepted that view. They would say "you accepted that; you voted for that, did you, after the minister had said that even when you were in session you were not competent to act promptly?"

The other argument the minister made—I am sure he made it with great sincerity—was when he said, "well, just look at us; do you think we could ever do anything wrong?" I would say, Mr. Speaker, that if this government could be sold at its own valuation of itself I think all the members of it would emerge rich men. I do not know that the rest of us are obliged to take that view. One of the worries is that there are people who say, "well, these are men you like; you know they are men of standing; you know they will never do anything wrong." I think it is in circumstances of that kind that the most foolish sort of legislation can be passed.

I am going to go back six or seven years and remind hon. members of something which was done by a government—some of the same members are in this government now—most of the members of which we knew and liked and in our private life respected. They did, however, take high-handed action of the kind which I think, in retrospect, they must question themselves. Actually they did a gross injustice to innocent men. I am going to read a paragraph or two from a speech made in this house on the spy trials by a former deskmate of mine, whose death we all regret, the late A. L. Smith. I do feel that when we are asked to pass legislation on the grounds of, "Oh well, you know to whom you are giving the power; they will never misuse it", the matter should be investigated. The minister gave two reasons for passing this measure. He said that the government will scarcely ever use it and, second, if they do use it they will always use it right, if that is good grammar.

I want to read briefly from a speech delivered by Mr. A. L. Smith. I read, first of all, from *Hansard* of March 19, 1946, page 83. I should like to remind those who did not have the privilege of knowing Mr. Smith that he was a man of great experience in legal matters, and he spoke with weight in this house. He said:

> What has happened historically is this. On September 5 last, or early in September some time, the Prime Minister became apprised of some information in the hands of a man who was an employee of some sort in the Russian embassy here. The only point I make about that is this: That information has been in the hands of the Royal Canadian Mounted Police for a period of over five months.

Then I read from page 85 of *Hansard* for the same date:

> Prior to February 15 certain people were detained. In short, they were arrested. They were arrested without warrant, and they were arrested not because, as in a case under the Criminal Code, as the Postmaster General (Mr. Bertrand) well knows, they were actively caught committing a crime. They were arrested under the special provisions, if I may say so, contained in the order in council which I have just read.

I wish to remind the house now, in case I forget, that my recollection is that of the eighteen who were charged and who were treated in the way I propose to set out, seven were acquitted. I think the figures are eighteen and eleven. To continue reading from Mr. Smith:

> The fact that people are arrested does not normally mean very much. People are arrested every day. I have been arrested myself. As a matter of fact, it was not a very serious charge and I got out of it without any difficulty. But I really know what the thing means. When you are arrested you cannot do what you want to do. You do what the policeman tells you, or else. That is the position of a man when he is arrested. But here is where we really start to differ with the normal procedure. These people were held incommunicado. What does this mean? We all know it means that they were not allowed to communicate with anyone, and I am quite sure their movements, their letter-writing and all that sort of thing, would receive excellent supervision, not to use a stronger word.

The next thing I wish to read from Mr. Smith is this, at page 87:

> Just what has happened? We read in the newspapers that when Mrs. Woikin, the lady who came from Blaine Lake in Saskatchewan, appeared before the magistrate she was quite distracted and greatly disturbed, and endeavoured to plead guilty. I do not know Magistrate Strike but he must be an awfully good chap, because he refused to accept that plea. That was the physical and mental condition of this woman after having gone through experiences which I can perhaps better imagine than speak about. I am not going to use my imagination, but I have some idea of the things that run through the minds of people who are incarcerated in lonely silence.

And here is the last thing I wish to read:

> May I close by saying just this. It is true that we have had this commission. It is true that persons have been suspected of crime because, as the Prime Minister indicated, the documents pointed to them. It is true that they have been brought before the commission without warning, without protection, without an opportunity to see their families or to get legal advice. In six months, Mr. Speaker, this spy scare will be forgotten. Unfortunately our people are a bit too apathetic about matters of this kind. But I say to you, sir, that during your lifetime and mine the people of this country will always regret and will never live down the fact that we threw aside and abrogated the rights and liberties of our citizens.

Mr. Speaker, I have thought it right to read those excerpts because I feel earnestly that—although happily there are some signs of public awakening—the public have grown apathetic to these things. I think they should be reminded of exactly what has happened and, as I say, what has been done by men who were prepared to say, just as is the Minister of Justice (Mr. Garson): "Look at us, see the kind of men we are, and don't be afraid to hand us power."

Mr. Speaker, I conclude by saying that I think the government has all the power it needs. It has the Defence Production Act, with the wide powers that I have attempted briefly to indicate. It has in reserve—if the terrible emergency really comes—the War Measures Act, and in the meantime it has parliament. I do not think there is any need for anything else. In my opinion no valid reason has been given.

I feel disappointed that we are asked to pass this measure again. Perhaps the best one can say is that if this legislation is forced down our throats again, we at least have the satisfaction of believing that we have made some impression on public opinion. I hope it will go on spreading with a kind of chain reaction until the public wakes up to the realities of this thing.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, may I say to the Minister of Justice (Mr. Garson) that I think this debate would have been considerably shorter had he not risen this afternoon and made a rather provocative speech. He said he had to make a speech because otherwise he could not reply; but I believe the very fact that he moved the second reading of the bill would have been sufficient to give him a right to reply. I think the speech he made when he initiated this afternoon's debate could have been made perhaps at its conclusion, if he wished to make it.

Mr. MacInnis: Or not at all.

Mr. Coldwell: Yes, or not at all; but if he wished to make it, I think it could have been made at the conclusion of the debate. In that way I think the business of the house would have been facilitated. I am not one given to lecturing other people, because I know my own failings at times. But I do say this. The ministers who have been most successful in the past in getting their estimates and their bills through were the ministers who were least provocative in introducing their measures. I mentioned Mr. Motherwell the other afternoon. He comes back to my mind in that connection. When Mr. Motherwell was dealing with his estimates, hon. members used to come down in the house looking forward to a rather pleasant afternoon, because in the pleasantest possible way he would talk about everything under the sun except the matters in his estimates, and he would get them through more rapidly than would any other minister in the cabinet. I remember this distinctly. I think it is not a bad bit of advice for one to give a minister at the present time.

We are opposing this measure at this time, as the minister stated this afternoon. We are not doing it because we feel that, as a minority, we should have, in 1951 or 1952, imposed our will upon the majority or upon the government. I think we have a right to give our support to a measure because we believe that measure is going to be used in a manner in which we expect it to be used. Equally we have a right to withdraw our support when we see, after the experience of several years, that the measure has not been used as we anticipated it would be used.

We anticipated—and indeed we believed in 1951 that this was largely implied in the remarks in support of the bill from the government side of the house—that it would be used to protect the people of this country from the rising prices of foodstuffs and other commodities and particularly in relation to sky-rocketing rents which were then beginning to afflict the people of Canada and which have risen much more since that time. For those reasons we gave our support initially to this measure. Because our hopes

have not been fulfilled, we withdraw our support at this time. In other words our support was given because we believed that something was going to be done. When that something was not done I believe—without being in any way accused of trying to impose our minority will upon the majority of this parliament—we are equally bound to withdraw that support.

Having in view what the government has failed to do under this measure, I cannot anticipate any emergency arising as to which, under the various statutes that have already been mentioned this afternoon, the government would not have all the power necessary to deal with any situation that might arise. If a situation arose with which the government had not the power to deal, then the War Measures Act is there—if it is insurrection, civil strife, war or apprehended war—and parliament can always be called. The minister may say: "But what is going to happen if parliament is dissolved and we have two months without a parliament?"

I admit immediately to the minister that, on the surface, that would seem to create a difficulty; and I may tell him quite frankly that we have discussed this measure from that angle. But we believe that, under the statutes that have been enumerated this afternoon—and I am not going to put them on the record again—the government has the power to do all that is necessary. One statute that has not been mentioned is the sedition act under which the government can deal with acts of sedition quite adequately at any time. Then of course there is something which I know the government does not wish to rely on but which is there for an emergency. They have always the power inherent in the constitution to deal with matters that arise under peace, order and good government.

Consequently I do not think the government has made out a case for the continuance of this act under the conditions that we have today or that may be apprehended in the future. It seems to me the only thing which could happen in the future which would involve those powers, the greater powers, is war or apprehended war. I do not think we are likely to have insurrection or civil strife in this country. Indeed I sincerely hope not.

A great deal has been made of a secret order in council. I referred to it the other afternoon, and I said I had neither seen it nor read it. That is the truth. I was searching my memory to recall if I knew anything about this measure which I had forgotten, which was passed on July 4, 1951. My good friend the hon. member for Winnipeg North Centre (Mr. Knowles) returned yesterday, and he reminded me that in the autumn of 1951 he put a question on the order paper, and the Prime Minister (Mr. St. Laurent) approached me and asked if I would suggest to the hon. member that it would be in the public interest not to press that question. I suggested to the Prime Minister that he see my hon. friend at that time.

Well, I have no knowledge even now of what that order contains, yet I do know that it had to do with the matter of external security. I must leave it at that because that is the extent of my knowledge of the measure. I would like to say that because I may have left the impression the other afternoon that I had no knowledge such an order existed. My memory was not as good on Tuesday afternoon as it usually is, and I want to say that I did know in a general way something about the order in council.

I do not like the idea of secret orders in council under any circumstances. I admit there are occasions when the government must act with the knowledge that to give all the information to the press openly would defeat a desirable national objective. I admit that immediately.

Of course this is not the first time orders in council have been passed that were put secretly in the drawer. I would remind my hon. friends to my immediate right that on December 31 of either 1931 or 1932—I am speaking entirely from memory without having looked it up this afternoon—Right Hon. R. B. Bennett passed two orders in council one of which permitted the banks to publish balance sheets that were substantially false, in other words to value securities at a level that was not warranted by the situation that then existed, and the same thing was done for life insurance companies. Those two orders in council came to the attention of this House of Commons. I remember when the Right Hon. Mr. Ilsley, Mr. Justice Ilsley now, and the hon. member for Quebec South (Mr. Power) raised the matter a couple of years later and brought the situation to light.

I did not like that being done. The contention was made that that was done in the public interest, to prevent a panic and a run on one of the great banks—I am not going to name it—and to reassure people who had held policies particularly in one of the great insurance companies, and again I am not going to name it.

But whether or not these orders in council were justified is not what I am discussing. I am merely saying that I do not like the idea of secret orders in council, and the emergency powers bill now before us, approv-

ing an extension of the act, would give the right to pass such orders in council, that is to say secret and confidential orders, and I do not like the idea of it.

Mr. Macdonnell (Greenwood): Will the hon. member permit a question? I should like to ask him this. My recollection of what happened is perhaps not perfect. He referred to the returns as false returns. I wonder whether he would alter that. I think they were allowed to use arbitrary valuations.

Mr. Coldwell: I will change the word from "false" to "incorrect". I think that is the correct statement.

Mr. Knowles: They were still secret orders in council.

Mr. Coldwell: Never mind the secret orders in council. The fact was that the balance sheets that the banks and insurance companies were authorized to publish valued certain securities at incorrect and inflated figures, and if my use of "false" appears to be too strong, then I will ask the hon. gentleman to accept my statement that the balance sheets or the valuations were incorrect. I think I am justified in saying that.

Mr. Ferguson: May I interject for a moment? I have a fair knowledge of what the hon. member is speaking about. I think the hon. member would be on surer ground if he said they were correct values on that date. The values were there, but they were not the market values of the securities, because the market values of those days were not the true values of the securities.

Mr. Coldwell: I have always understood that the market value a person could get for his security was the value of it on a given date, and I must leave it at that.

Mr. Ferguson: What the hon. member is discussing is a very serious thing, and I can prove what took place.

Mr. Deputy Speaker: The hon. member must not make a speech.

Mr. Coldwell: I do not think we need to argue the point. My point was that these were secret orders in council, and indeed it may have been contended that they were in the public interest; but they were more substantially in the interests of the institutions that were protected from runs on them at that particular time. They had an element of hope for the future in them, if that will satisfy my hon. friend.

Mr. Ferguson: That is fine.

Mr. Coldwell: What I was also going to say was this. Parliament can always be called to deal with any matter that the statutes at the present time do not give the government the right to deal with in respect to powers that are granted under the war emergency measure; and because the powers we granted in 1951 have not been used as we hoped they would be used we feel that parliament is not justified in extending them now.

I was interested in the historical argument this afternoon between the Minister of Justice and the Leader of the Opposition. My impression of the reign of Charles I was that the main problem was not how money was spent but how money was raised. The right to levy taxes formed the principal point of contention between Charles I and his parliaments. However, that is by the way; but I always like to have history more or less correct when it is referred to, and I think that is really the historical position. I merely want to say, in conclusion, Mr. Speaker, that we are going to vote against the second reading of this measure if and when a vote is called.

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I intend to take—

Mr. Deputy Speaker: If the Prime Minister speaks now will he close the debate?

Mr. Knowles: No; he did not move the motion.

Mr. Deputy Speaker: It will be the Minister of Justice.

Mr. St. Laurent: I would not ask to intervene at this moment, but it so happens that there are other requirements that will prevent me from being in the house this evening, and it may very well be that this debate will conclude before the end of the day.

I wish to take only a very few minutes. I find it fortunate that the debate today is quite objective, and that opinions are being expressed as to the desirability or otherwise of there being this continuation of the Emergency Powers Act. I suppose if we were on the other side of the house, and had been on the other side of the house in 1945 and since, we would have been repeatedly, in 1945 and since, predicting dire consequences for parliamentary institutions and for the Canadian constitution by the existence of such emergency powers. But I do not think anyone would contend seriously that our parliamentary institutions today are any weaker than they were before 1945, or that our constitution is not on as firm a base or not as fully respected now as it was in 1945.

It is, I think, a legitimate part of our parliamentary institutions that there should be criticism of anything out of the ordinary that is proposed or recommended by the government, and it is wise that there should be

constant reminders in this national forum, from which reports go out that help to shape the opinions of people throughout the country, and constant warnings that we must never consent to abandon the democratic forms that have been won, through centuries, for the common people in our free democracies.

But we in the government have the responsibility of watching over the safety and security of the state. We hope we will have no more occasion to use emergency powers than we have had in the past, just as we hope we will have no occasion to use those forces being built up by ourselves and the 13 nations associated with us in the North Atlantic alliance. Nevertheless times are such that we do not dare do without the upbuilding of those forces. We do not dare do without the power and responsibility to do such things as might be required for the safety of the state.

Reference has been made to the words of the constitution—"act for the peace, order and good government of the country". Well, the government cannot do that. That is a general power given to the Canadian parliament. The government can act only if it has a delegation from parliament to do so. And this emergency power is a delegation by parliament to do that which might be necessary for the peace, order and good government of the country.

We hope there will be no occasion to use it. But we feel that, having the responsibility of watching over the security of the country in these troubled times, the power to act promptly and effectively should exist. No one can challenge the right and propriety of any hon. member at this time to say that in his opinion the situation is not sufficiently grave to warrant or to require this measure, whatever may have been his views in previous years. We have become a little bit inured to the existence of the cold war, and there are moments when we are inclined to regard the situation as fairly calm and stable. I think that was the frame of mind of the Leader of the Opposition (Mr. Drew) when, speaking in the house on February 20, he said:

> We are asked to declare that it is expedient that emergency legislation of this kind should be re-enacted. Not one argument has been placed before us to demonstrate why it is expedient. Not one illustration of any kind has been submitted to the members of this house to indicate why the government needs this emergency legislation, and could not deal with any situation that might arise by the ordinary processes of parliament.

Then three weeks later, on March 13, as reported at page 2952 of *Hansard*, he expressed this warning:

> These are grave and serious hours. The news that comes to us from Europe today removes any suggestion that we are in a comfortable period where there are no great dangers in front of us. The events of yesterday and today, the cold-blooded murder of British airmen and the interference with the flight of a civilian aircraft going into Berlin, indicate the extent of the danger which is there all the time.

And it is there all the time. We are becoming used to living under this threat. Nevertheless the threat is there; and we believe that, just as it is necessary to continue to recommend to parliament the appropriation of more than two billions of dollars to provide for our part of the strength that is being built up by ourselves and our associates, because of that threat, likewise we feel it is advisable to have the power which the hon. member for Rosetown-Biggar (Mr. Coldwell) implied might exist in the government to do those things required for peace, order and good government.

This cannot be done without a delegation of power; and we think that the delegation of power does not destroy the power of parliament and does not diminish the power of parliament, but rather that it is an exercise of the power of parliament that the circumstances still justify and still make it prudent to have in existence.

Hon. members have said: Tell us the circumstances in which this power would be used. Well, if we could do that we would not need emergency powers. It is just because we cannot foresee what will happen and what may arise, or what may have to be dealt with, that the emergency power was granted in the first place and, in our view, continues to be a proper precaution to take under existing circumstances.

There have been references to a secret order. The Leader of the Opposition (Mr. Drew), the leader of the C.C.F. group (Mr. Coldwell) and I think the leader of the Social Credit group (Mr. Low) have said that they had not seen the order. That is quite true. We had to pass the order, and take the responsibility for passing it. But I mentioned what it was. I am not sure whether I spoke to the hon. member for Rosetown-Biggar or whether, in his absence, I spoke to the hon. member for Winnipeg North Centre (Mr. Knowles). However, I did mention to one or other of them, as I mentioned to the Leader of the Opposition and to the leader of the Social Credit party, what the order dealt with, and what the order that was going to be tabled, showing that it had been exempted from publication, referred to.

I did not feel at that time, nor was it suggested to me by any of the three of them, that I should ask them to take the responsibility of considering the order. However, it is an

order which is a part of what we are doing, in company with our associates, for the common defence of ourselves and of them. Without it, it would leave a gap in the concerted arrangements for their security as well as for ours. If any one, or all three, of the leaders of those parties would like to see the order, confidentially, I have no objection. As a matter of fact I would feel happier if they had seen it. But I did not think it was proper to put that burden upon them unless they suggested that they should share the responsibility which was ours.

That order has been in existence since July of 1951. It is enabling us to do what all the other governments and associates in this North Atlantic treaty alliance are doing. We have been doing it to our satisfaction and to their satisfaction. May I not ask if any hon. member in this house has had any indication from any source whatever that as a consequence of that order there has been any disturbance to the freedom or the conduct of our Canadian citizens? It is an order that was passed under the Emergency Powers Act. Because it was passed under the Emergency Powers Act it cannot have to do with censorship, it cannot have to do with the taking of property, and it cannot have to do with the detention of individuals.

The Leader of the Opposition (Mr. Drew) says that the word "arrest" is qualified by the words "except as part of proceedings under section 3". When the act was introduced we did not think that the word "arrest" was required because arrest is nothing but detention that commences simultaneously with the arrest. However, that view was not accepted by some hon. members in the house who are most competent lawyers and who felt that the word "detention" was not enough to exclude arbitrary arrest. There was a provision worked out to exclude arbitrary arrest. The only arrest that can be made is as a part of court proceedings.

That being the situation I can only repeat to the Leader of the Opposition that I would be only too glad to show him this order, confidentially, because if it were not a secret and confidential order it would not be effective, it would not serve the purpose for which it was passed. I would be glad to show it to the hon. member for Rosetown-Biggar (Mr. Coldwell) if he felt that he wished to see it. Personally if I were not a member of the government I would prefer not to see it. All those who have anything to do with it would prefer that there be no occasion for having orders of that kind, but we do have to assume our responsibility.

[Mr. St. Laurent.]

The hon. gentleman referred to the events of 1946. I had something to do with the events of 1946, and I think I have as much concern about my own freedom, my own civil liberties and the civil liberties of my fellow citizens as the average citizen. I have never felt that any apology was required for the proceedings that were taken to break up the spy ring that was discovered at that time. Views may differ upon that. It may seem to some that the absolute inviolability of the rights of the individual should be preferred to the security and safety of the state, but I cannot agree. There do come times when it is necessary to do things that you regret to have to do but that seem to be required for the safety of the state.

Fortunately when I joined the government it was no longer necessary to order any further internments. I know that a very substantial portion of the burden that my predecessor as Minister of Justice carried from the outbreak of the war until his premature death arose out of the responsibility he had to take to apply the defence of Canada regulations and order the detention of persons upon suspicion.

That is something we are not brought up to do. That is something we shudder at having to consider. Nevertheless there was not much sabotage accompanying the outbreak of the war, and I think our security officials and the R.C.M.P. are doing a very effective job to suppress or prevent disastrous sabotage in the event of the outbreak of another war. All those who are parties to the North Atlantic alliance share with each other top secret information because of our confidence that there are measures being taken for the proper protection against or the anticipation of sabotage and espionage.

It is unfortunate to have to live in a world where that has to be done. It is unfortunate that we cannot feel that everybody in the world is going to behave in a manner befitting a Christian gentleman. But that is not the world we are living in. There are certain things that we are reluctantly forced to do if we attempt to discharge the responsibilities that happen to be ours.

Some have said to me, "Why do you not say that if the existence of this secret order is objected to we will repeal it?" As long as I have any responsibility as a member of a government I will not take that position. Whatever may be the criticism we have to bear, if what is required seems to be required to discharge an appropriate responsibility, I believe we should discharge it.

I remember that when the question of conscription arose, for several months I had to bear the onus of having done something that

most of the people in my province thought was wrong because I could not tell them why I had done it. In 1945, when the fighting had ceased, I was then in a position where I could use the information which had motivated my conduct and explain to them why I had acted as I did. The response was satisfactory and I felt that I was vindicated by the applause which greeted the explanation that I gave at that time. But for months my repute was not very high among the people of my race. If I had to do it again, I would do it again. I think one must do what he thinks is right. One must accept the consequences. One may make mistakes, but if he thinks that what he is required to do by his responsibility is right, he should do it without fear of the criticism that may be the outcome of such conduct.

I know that our people do not like secret orders in council. I do not, and I know that our people do not. I know that some of them will be worried about what may be in this secret order. If the Leader of the Opposition, the leader of the C.C.F. group and the leader of the Social Credit group were to say that they would look at it, it would mean some sharing of the responsibility and might be some reassurance to the public that what is there is not a threat to the things which we hold so precious. We have no right to ask anyone to share that responsibility.

That order has to continue in existence or we have to go to our associates and say we are not going to do our part to discharge the responsibility that has been assumed by the 14 countries of the North Atlantic treaty. That is not something any member in this house wants to have done.

Mr. Drew: May I ask the Prime Minister (Mr. St. Laurent) a question? I followed with great interest his explanation with regard to this particular secret order in council; but our contention, of course, is that, whatever this secret order might have been, a similar one could be passed. However, in regard to what the Prime Minister has just said, I thought we had made our position clear. If not, I ask this question now. Would it not be possible to have an act which authorized the government to pass such measures as would be required to carry out their security or other definite requirements in relation to the mutual obligations of the North Atlantic treaty or other matters? I ask this question in relation to our repeated proposition that we would like to have a specific order defining certain authority without disclosing what that might be, instead of a general thing under which this is done. Obviously this legislation was not passed originally in contemplation of the enactment of that secret order.

Mr. St. Laurent: No, and that just illustrates my point. When this legislation was originally contemplated, I may say, we asked the law officers to make it just as restrictive as would be sufficient to meet unforeseen circumstances. They told us we would have to make it very sweeping or we could not be sure that it would suffice for anything we might have to do under it but which we were not able to forecast at that time. That is the reason for its sweeping terms.

I am not quarrelling with the law officers but they do use very sweeping language so they may not at any time be open to reproach because what they did was not broad enough to meet a situation which might develop. Not later than yesterday I was considering, with one of the senior officials, whether we could not have something else that would not appear to be so sweeping. Well, so far we have not come to the conclusion that we can take the risk—and it does involve a risk—of something less extensive; because we are not in a position to foresee how and when and for what purpose the power may have to be used. It has been very little used in the past and I hope it will not have to be used at all, just as we all hope that these armed forces that are being built up by the North Atlantic nations will not have to be used at all. However, they exist, and without them we would not feel the security we do feel because of their effect upon world affairs.

I am not complaining of the criticism, of the warnings, of the appeals to the public to watch against the building up of any autocratic machine. Here we are appropriating over $2 billion a year just to ward off any possibility that we, or our successors, may have to be subject to any regime of that kind. But the warnings are frequently couched in words that remind one somewhat of the young shepherd's cry of "wolf!" when there was no wolf.

It is not advisable to exaggerate dangers. At the end of this year, or when we come back, whether we are on this side or the gentlemen opposite are on this side, or if some gentleman sitting farther down from the Speaker's chair occupies my place, I do not think any of those Canadians would misuse the powers that were given for the purpose of enabling them, if circumstances should require, to act promptly and effectively for our common safety.

Some hon. Members: Hear, hear.

Mr. Green: Mr. Speaker, may I ask the Prime Minister a question? If the government insists that this measure must be

continued as set out in the bill before the house, why should it not be for only one year?

Mr. St. Laurent: It is only for one year.

Mr. Green: No. The provision is that it may be extended for a further year simply by an address to both houses, which means that there can be no questioning but merely set speeches in one debate.

Mr. St. Laurent: I am sure there would be no objection, if that were satisfactory to the house. What we feel is that the legislation should be in existence; but there are sufficiently frequent sessions of parliament to renew it from year to year as long as it may have to be in existence. If it were more satisfactory to have it only for one year, without any statement about how it can be further continued, there would be no objection. That is a matter of form and procedure that can be dealt with. But I understand that the real objection is to its existence at all beyond May 31, 1953.

Mr. Green: That is right.

Mr. St. Laurent: That is the real objection. We have given, perhaps, not reasons but just fears; and there have been newspapers which have said that this is just the result of fear. It is. It is just the result of fear that makes us recommend these huge appropriations for our defence services. Perhaps we are too fearful, but most of us prefer to continue even though the inspiration may be fear of what might happen, though that is coupled with the hope that it will not happen.

The house divided on the motion (Mr. Garson, for Mr. St. Laurent) which was agreed to on the following division:

YEAS

Messrs:

Applewhaite
Arsenault
Ashbourne
Balcom
Bater
Beaudoin
Benidickson
Bennett
Black (Chateauguay-Huntingdon-Laprairie)
Blue
Boisvert
Bonnier
Boucher
Bourque
Bradette
Bradley
Breton
Brisson
Bruneau
Byrne
Campney
Cardin
Carroll
Carter
Claxton
Cleaver
Cote (St. Jean-Iberville-Napierville)
Cote (Verdun-La Salle)
Crestohl
Croll
Cruickshank
Dechene
Decore
Denis
Deslieres
Dewar
Dickey
Dumas
Dupuis
Eudes
Eyre
Ferrie
Follwell
Fournier (Hull)
Fulford
Gardiner
Garland
Garson
Gauthier (Portneuf)
Gauthier (Sudbury)
George
Gibson
Gingras
Gingues
Gour (Russell)
Gregg
Harris
Harrison
Healy
Helme
Henderson
Henry
Hetland
Hosking
Huffman
Hunter
Jutras
Kickham
Kirk (Antigonish-Guysborough)
Kirk (Digby-Yarmouth)
LaCroix
Lafontaine
Laing
Langlois (Gaspe)
Lapointe
Larson
Lefrancois
Leger
Lesage
Little
Macdonald (Edmonton East)
MacDougall
MacKenzie
MacNaught
McCann
McCulloch
McCusker
McIvor
McWilliam
Major
Maltais
Martin
Masse
Monette
Mott
Murray (Oxford)
Mutch
Nadon
Nixon
Picard
Pouliot
Proudfoot
Prudham
Riley
Roberge
Rochefort
Rousseau
St. Laurent
Schneider
Simmons
Sinclair
Sinnott
Smith (Moose Mountain)
Smith (Queens-Shelburne)
Stick
Stuart (Charlotte)
Tremblay
Valois
Ward
Weir
Welbourn
Whiteside
Whitman
Winters
Wood—125.

NAYS

Messrs:

Adamson
Argue
Balcer
Beyerstein
Black (Cumberland)
Blackmore
Blair
Brooks
Browne (St. John's West)
Bryce
Cardiff
Casselman
Catherwood
Charlton
Churchill
Coldwell
Coyle
Dinsdale
Drew
Fair
Fairclough, Mrs.
Ferguson
Fleming
Fraser
Gillis
Graydon
Green
Hansell
Harkness
Hees
Herridge
Higgins
Hodgson
Johnston
Knowles
Lennard
Low
Macdonnell (Greenwood)
MacInnis
MacLean (Queens)
McGregor
McLure
Montgomery
Murphy
Nickle
Pearkes
Quelch
Robichaud
Ross (Souris)
Rowe
Shaw
Spence
Starr
Thatcher
Thomas
Tustin
White (Hastings-Peterborough)—57.

Bill read the second time and the house went into committee thereon, Mr. Beaudoin in the chair.

On section 1—*Expiration of sections 1 to 3.*

Mr. Fleming: Mr. Chairman, in the debate on second reading the point was made by the hon. member for Vancouver-Quadra that this bill departs from the form of extension contemplated for the present year. When the bill was first enacted in 1951 it provided for extension after the end of one year by addresses of both houses of parliament. Last year the bill was extended for one year by that method. On various occasions during the debate on the resolution stage and on second reading, something has been made—or an attempt has been made to do so—by the Minister of Justice of the fact that more was not done in 1952 in the way of opposition to the bill. One reason was that there was only one opportunity. The address simply provided one opportunity for debate; and when that passed rather unexpectedly or suddenly, the opportunity was gone for the entire session.

The house has now approved—in my opinion erroneously—the idea of an extension for one year. With respect, Mr. Chairman, I urge that if this section is to be approved in the committee in any form at all, it should not be approved in a form that contemplates still further extensions of the extraordinary powers conferred by this bill upon the governor in council.

This section does two things. In its present form it does extend the life of these powers for another year, until May 31, 1954. That was the effect of the resolution which the house approved and which paved the way for the introduction of this bill. But this section does not stop there. It goes further and provides for a still further extension—and lays down a method by which it can be achieved—beyond May 31, 1954. At the various stages when this measure has been under debate already this session we were told in the most soothing terms that the government had no thought whatever of extending these powers beyond a year. Now when we see the bill, Mr. Chairman, and in this committee have an opportunity of examining it in detail, we find that the government's intentions with respect to the extension of these powers are not nearly so innocent as the house was led to suppose by the statements made on behalf of the government.

The extension is there, of course, to May 31, 1954. But the government are preparing for further extensions, and they are preparing to make them in the most simple and expeditious manner possible, and one that will admit of the barest minimum of debate in the House of Commons. We of the official opposition are just as strongly opposed to the extension of these powers for one day as we have been at any time. We are absolutely opposed to it.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Fleming: Mr. Chairman, just prior to the dinner recess I was drawing attention to the fact that the bill, as we examine the provisions of section 1, goes further than the terms of the resolution. That resolution which was approved by the house, and which was the forerunner of the present Bill No. 279, simply proposed the extension of this act for the period of one year to May 31, 1954. Now we find on examining clause 1 that the bill does more than that. It not only extends the effective operation of this bill to May 31, 1954 but it goes on to contemplate and provide for further extension beyond that date.

We have been told from time to time in this debate, Mr. Chairman, that the government were simply proposing the one-year extension and were not asking this house to commit itself in any particular beyond that date. If that be the case, Mr. Chairman, then there is in my submission no justification for making provision in this bill for further extension at all; and there is no reason, in my submission, why this additional provision should be allowed to remain in the bill.

We had experience last year of the continuance of this measure, with the extraordinary and virtually absolute powers which it confers upon the government, when we had opportunity of considering it on only one occasion. That is the fundamental flaw, it seems to me, in a provision of the kind we have here, that the bill may be extended simply upon addresses passed by both houses. That means there is only one stage of debate, only one opportunity. It is a sudden death matter as far as that one stage is concerned, and if I may be permitted once more to refer to a certain occasion that has already been referred to several times, I will assure the Minister of Justice that if it had not been such a sudden death matter last year he would have had his full opportunity of seeing divisions, and more than one of them.

This year this matter has come before the house in what I think is in procedure the proper way, namely a resolution followed by the introduction of a bill which is open to debate at several stages. Therefore I propose that section 1 of the bill should be amended; that the new clause 4 should have all the words including and following the word "except" stricken out so the section

cannot then be made the excuse for going beyond the one-year extension.

In making that observation, Mr. Chairman, I hope no one will think that we on this side of the house are receding one iota from the position we have stoutly taken throughout this debate, that there should not be any extension at all now; that this measure is completely unjustifiable as an extension of those vast powers under present conditions. But so far as the point I am now dealing with is concerned, this rider that has been tacked on to the one-year extension should, in my opinion, be stricken out.

I will so move, Mr. Chairman, or if the government wishes to have someone over there move that Bill No. 279 be amended by striking out all the words in clause 1 thereof after the words "one thousand nine hundred and fifty-four" I shall be content. That would leave the clause confined simply to this extension to May 31, one thousand nine hundred and fifty-four.

Mr. Garson: I have listened with a great deal of interest to my hon. friend's remarks, and I think he will agree that all this present bill does is to extend the act for one year more. It is true that provision is made for a method of further extension, but there is no further extension at this time. In order that there should be no doubt as to our bona fides in this matter we are quite prepared to accept the amendment which my hon. friend has suggested; and if my colleague the Minister of Public Works would so move we might have both clauses 1 and 2 of the bill amended accordingly, which would mean that section 4 of the Emergency Powers Act would read:

Sections one to three of this act expire on the thirty-first day of May, one thousand nine hundred and fifty-four.

The remainder of the wording would be stricken out. Then in part II clause 2 would read:

Sections 1 to 3 expire on the 31st day of May, 1954.

The remainder of the section would be stricken out.

Mr. Knowles: On that point, since the Minister of Justice has just drawn attention to the fact that in clause 2 the reference to sections 1 to 3 and the 31st day of May, 1954 are in numerals rather than in words, I should like him to explain why it is in numerals in one place and in words in the other.

Mr. Garson: The hon. member for Winnipeg North Centre will recall that at one time we had quite a lengthy colloquy with regard to the method by which the Revised Statutes of Canada are being drafted. The necessity for having part II in this bill arises from the fact that we have to amend the Revised Statutes of Canada at the same time that we amend the statute, and that in the Revised Statutes of Canada we are adopting the very sensible procedure of using numerals instead of spelling out the numbers in words.

Mr. Fournier (Hull): I move accordingly, Mr. Chairman.

The Chairman: Are these amendments agreed to?

Amendments agreed to.

Sections 1 and 2, as amended, agreed to.

Section 3 agreed to.

Title agreed to.

The Chairman: Shall I report the bill?

Mr. Knowles: On division.

Bill reported on division.

The Chairman: When shall the bill be read the third time? By leave, now.

Mr. Knowles: By leave.

Mr. Garson (for Mr. St. Laurent) moved that the bill be read a third time.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, very briefly on this motion for third reading I wish to set forth, not by way of restatement but rather of re-emphasis, the reasons for our opposition to this measure. The matter has been debated at all stages, and I have no wish to repeat the very sound and numerous arguments advanced from this side of the house against the measure.

Nothing the Prime Minister (Mr. St. Laurent) said this afternoon removed any of the objections to the bill. Undoubtedly he was at his soothing best in his speech this afternoon. Unlike the Minister of Justice (Mr. Garson), in the contributions he made to the debate at various stages, the Prime Minister appeared to be seeking to avoid being provocative. I believe he did his best to make the house feel that this was not a very serious matter, and that hon. members should be content to put their full trust in the government.

We are not prepared to legislate on trust after that fashion. In the first place we say there exists today no such emergency as justifies either the invoking of the powers set out in the War Measures Act or the extension of the very wide and virtually absolute powers conferred by this bill upon the governor in council.

This afternoon the Minister of Justice was at pains, in a repetition of an attempt put forward frequently, and always in futility, to make it appear that, after all, the measure is not so very sweeping. Well, I simply leave

it to hon. members to compare this measure with the War Measures Act, and they will see that, with the exception of arrest, detention, deportation and censorship, there is no difference in the measures. The powers, with those exceptions, conferred by this bill upon the governor in council are just as sweeping and just as absolute as the virtually unlimited powers conferred upon the governor in council by the War Measures Act, and which were exercised by the government during the second world war.

We say to this parliament that nothing in the present situation could possibly justify such an abdication by this sovereign parliament of its powers in favour of a group of people we call the government. We say the whole approach to this matter has been unparliamentary. The Prime Minister this afternoon, again in soothing terms, asked us to believe that, after all, the government was preserving, as he said, the forms of parliament; and he said no one would suggest at all that our parliamentary institutions in Canada are in danger, or that there is any danger to the constitution.

Well, it is unfortunate that the Prime Minister was not following the course of the debate more closely, because that is precisely what we in the opposition have been saying about the measure; that it is of a kind that strikes at the very foundation of our whole parliamentary system. We say this measure is of a kind that strikes at the foundations of the constitution of this country, because if you accept the fact that an emergency exists, then under the Nolan decision by the privy council a year ago it follows that all parliament needs to do is to say that a national emergency exists, and then it remains for parliament to take over virtually all powers, regardless of whether they are of the provinces or of the dominion. Then, with a measure like this, those powers virtually flow to the governor in council.

So if we give legislative sanction to this bill in its present form we are saying for another year that this government may enjoy virtually untrammelled powers, powers that cannot be challenged in the courts, powers that will be beyond challenge by parliament—certainly beyond challenge by parliament until it meets in 1954—and beyond challenge by the provinces, regardless of the extent to which the government, in the exercise of these powers, may trespass upon the constitutional rights and prerogatives of the provinces.

All those things are possible under the bill. It is not enough to have a statement by the Prime Minister saying, "Oh, these things are not likely to happen unless circumstances arise which we cannot adequately foresee and cannot sufficiently define now". Well, we need not worry about the coming of some supreme emergency, because that situation could be taken care of in the same way the situation was met in September, 1939. We therefore need not have any fear about that supreme peril arising while parliament is not in session. We say again, and say with all possible emphasis, that we do not believe in vesting these powers in the government, at the expense of the powers of parliament and at the expense of the powers of the provinces under the constitution.

We do not believe powers should be given to the government to legislate by order in council, even while parliament is in session. That is what it has been doing from the time of the enactment of this measure two years ago. It mattered not whether parliament was in session; the government went ahead and legislated by order in council.

The essence of the parliamentary system is surely this, that the elected representatives of the people make laws that are to be binding upon the people, and make them in public so the public may see how those laws are made and may criticize them. It is surely the very antithesis of the parliamentary method that laws should be made in secret and, in cases such as the one referred to, and admitted this afternoon by the Prime Minister, have these secret laws binding upon the people of this country, who are expected to know the laws. Yet even the House of Commons does not know what that law is, a law that is just as binding upon us and upon all the people of Canada as any measure enacted in parliament in the proper constitutional and parliamentary manner.

The Prime Minister this afternoon asked us to believe that this was necessary. He pointed to NATO, as though that were some precedent that should lead this parliament into the vesting of these untrammelled powers in the government. That is no precedent for this measure of parliamentary suicide.

On the contrary, whatever is necessary to be done in that respect can be done by parliament. The day is long past when it can be said that the summoning of parliament is a slow process. When a national emergency arose in connection with the railway strike two years ago it was found possible, even when there was not a train running in this country, to bring parliament together within 48 hours. So it cannot be said any longer in Canada that there need be delay in summoning parliament, if it is necessary that laws be enacted to meet any situation.

Mr. Boisvert: It does not take long to sabotage the railways.

Mr. Fleming: The hon. member for Nicolet-Yamaska (Mr. Boisvert) has touched upon

another question. That point was dealt with specifically by the Leader of the Opposition (Mr. Drew) this afternoon. We all want steps taken to deal with the possibility of sabotage. We should not wait until sabotage has happened before we take measures to deal with it. Those measures must be taken in advance. But the point is that if legislation is required in that respect, let parliament be asked to make specific provision for it. Surely we are not to be told that we must turn the whole constitution upside down and put confederation in jeopardy just to clothe the appropriate authorities in this country with the power to anticipate and prevent sabotage. The hon. member for Nicolet-Yamaska (Mr. Boisvert) is not going to contend that that is necessary, that the whole constitution should be turned upside down in order to meet that situation.

Mr. Boisvert: Is the constitution turned upside down?

Mr. Fleming: I am saying to my friend that this measure puts it within the power of the government to subvert the whole constitution.

Some hon. Members: Oh, no.

Some hon. Members: Oh, yes.

Mr. Fleming: I say that is the effect of this measure. I am saying to my hon. friend that whatever steps are required to be taken to deal with or to anticipate the possibility of sabotage and to prevent it do not require a measure of this kind. A measure adequate to deal with that subject could be passed in the ordinary course, just as we are passing legislation all the time, without vesting these untrammelled powers in the government.

As the hon. member for Vancouver East (Mr. MacInnis) says, you cannot prevent sabotage simply by legislation. Surely what is required is action on the part of the authorities; and if there is any power required by the authorities to deal adequately with the possibility of sabotage and to prevent it, then certainly the government will have the utmost co-operation from every part of this house in passing the necessary legislation with that end in view. No one need have any doubt about that.

We will not be misled by pleas that measures of this kind are necessary. They are not necessary. If the supreme emergency arises we are equipped with the provisions of the War Measures Act to deal with it. As has been pointed out, there are ample powers vested in this government under other measures to meet everything that may arise in the period before this parliament may be called upon to meet again.

[Mr. Fleming.]

The Prime Minister (Mr. St. Laurent) talked about necessity, and in effect asked this parliament to assume that it is necessary that a measure of this kind be taken to safeguard the national safety. It will take a much stronger case than the Prime Minister put forward today to justify the plea that the safety of Canada is in such peril and jeopardy today that this parliament should be called upon virtually to abdicate in favour of the government, and to put it within the power of the government to subvert the constitution.

A great statesman, Pitt, recalling that necessity has been made the plea for every infringement of human liberty, said, "Necessity is the argument of tyrants, it is the creed of slaves". It is going to take more than the kind of speech we heard this afternoon, the soothing speech of the Prime Minister, to justify this parliament enacting a measure of this kind.

We are the custodians of the parliamentary processes, of the parliamentary institutions of Canada. What justifies this parliament in putting it within the power of a group of men in the cabinet to subvert, if they choose to do so, the whole parliamentary system and the constitution of this country? It may very well be that they are all prepared to stand up here and tell us they do not intend to do it, but that is not the basis upon which any parliament should proceed to enact far-reaching legislation of this kind. It is not what they are likely to do, it is a question of whether in principle we as a parliament can justify this abdication of power. I say we cannot.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, when the debate on this measure commenced away back on February 6 the hon. member for Vancouver East (Mr. MacInnis), speaking for this group, made it clear that we were prepared to listen and give consideration to whatever case the government was able to make for the continuation of emergency powers. I think it is fair to say that during the weeks that have elapsed since February 6 we have given serious consideration to the attempts that have been put forth by the Minister of Justice (Mr. Garson), the Prime Minister (Mr. St. Laurent) and others to persuade parliament that this legislation should be enacted. But I must say that we in this group are not convinced.

I suggest that perhaps there is considerable significance in our opposition to this measure in view of what has been pointed out on a number of occasions, namely that we have

supported this sort of legislation in previous years. But as we considered the failure of the government to use this legislation to meet the needs of the people of the country, and as we considered the way in which they have used it simply as a convenience, we feel it is time that parliament should rethink its position with respect to this matter and should discontinue the granting of emergency powers.

In our view no case has been made out for the necessity of this legislation. In fact it seems to us that the government simply finds it convenient to have this kind of legislation on the books, and it has been used only as a convenience. Having had it for so long they cannot imagine themselves without it.

This afternoon the Prime Minister made a fairly interesting speech. One thing he said was that in his view it was the right of the opposition to level legitimate criticism at anything that was out of the ordinary. To me that was a most revealing comment. In using those words the Prime Minister made it clear that in his view this request is not out of the ordinary. That is precisely what is wrong with it. This government is asking for these emergency powers for its own convenience, and the tragedy of the situation is that this legislation has become not extraordinary but ordinary in so far as this government is concerned.

The Prime Minister said something else this afternoon of which I took particular note. He said that if the situation had been reversed over the last number of years and the Liberals had been sitting on the opposition side of the House of Commons they would have fought legislation of this kind. Truer words were never spoken. Just imagine for a moment members like the hon. member for Spadina (Mr. Croll), the hon. member for Charlotte (Mr. Stuart), the hon. member for Skeena (Mr. Applewhaite), the hon. member for Marquette (Mr. Garson), as the Minister of Justice would be in that case, and the hon. member for Quebec East (Mr. St. Laurent), as the Prime Minister would be in that case, sitting on this side of the house and some other government asking—

Mr. Stick: Don't leave out the rest of us.

Mr. Knowles: There are quite a number who would take the same position. There would be the hon. member for Trinity-Conception (Mr. Stick), the hon. member for Quebec South (Mr. Power) and others who would be railing for all they were worth against any government that would ask parliament to give them the kind of blank cheque that is involved in this legislation. I suggest that it is a very sorry picture when the Liberals, of all people, have become so used to asking for wide powers of this kind that even when they realize that if they were on the other side they would oppose them, they go on asking for them year after year.

The Prime Minister, after he had admitted that the Liberals in opposition would oppose legislation of this kind, in the very soothing manner he adopted this afternoon said this to us: But can anyone say that parliament is any weaker because we have had this kind of legislation enacted several times in the years since the end of the war? The Prime Minister asked that question in a tone of voice that seemed to imply that he could not imagine anyone saying yes. But I rise, Mr. Speaker, to say that parliament is weaker because it has become so accustomed to passing this kind of legislation. The very fact that it can be passed without any criticism or objection from any Liberal member of the house suggests that parliament has become accustomed to providing the government with this convenience, this easy way of dealing with problems which they find it awkward to bring before parliament in the usual way.

To the extent that parliament has become accustomed to granting powers of this kind to the executive, I suggest that this institution has in fact become weaker; and that the time has come when parliament should rethink this whole question and should call a halt to the granting to the executive of these powers to take steps of this kind without coming to parliament.

This question has been debated at length, and all the issues have been rehashed over and over again. It is not my purpose to continue further at this time, but I do once again express the view that the time has come for parliament to reassert its position, to reassert its strength in this matter, and that in fact we should defeat this measure at this time.

The house divided on the motion (Mr. Garson, for Mr. St. Laurent) which was agreed to on the following division:

YEAS

Messrs:

Abbott	Bradette
Applewhaite	Breton
Ashbourne	Brisson
Balcom	Bruneau
Bater	Campney
Beaudoin	Carroll
Benidickson	Carter
Bennett	Chevrier
Blanchette	Claxton
Boisvert	Cote (St. Jean-Iberville-Napierville)
Bonnier	
Boucher	Cote (Verdun-La Salle)

Crestohl
Cruickshank
Decore
Deslieres
Dickey
Dumas
Dupuis
Eudes
Eyre
Ferrie
Follwell
Fournier (Hull)
Fulford
Gardiner
Garland
Garson
Gauthier (Lake St. John)
Gauthier (Portneuf)
George
Gingras
Gingues
Gour (Russell)
Harrison
Healy
Helme
Henry
Hetland
Hosking
Huffman
Jutras
Kickham
Kirk (Antigonish-Guysborough)
Kirk (Digby-Yarmouth)
LaCroix
Lafontaine
Lapointe
Leduc
Leger
Lesage
Little
Macdonald (Edmonton East)
MacDougall
MacKenzie
MacNaught
McCann
McCulloch
McCusker
McIlraith
McIvor
McWilliam
Major
Maltais
Masse
Monette
Mott
Murray (Oxford)
Mutch
Nadon
Nixon
Picard
Pouliot
Proudfoot
Prudham
Riley
Roberge
Robinson
Rochefort
Rousseau
Schneider
Simmons
Sinclair
Sinnott
Smith (Queens-Shelburne)
Stick
Stuart (Charlotte)
Tremblay
Valois
Ward
Weir
Welbourn
Whiteside
Whitman
Winters
Wood—107.

NAYS

Messrs:

Adamson
Argue
Balcer
Beyerstein
Black (Cumberland)
Blair
Brooks
Bryce
Casselman
Catherwood
Charlton
Churchill
Coyle
Dinsdale
Fair
Fairclough, Mrs.
Ferguson
Fleming
Fraser
Gagnon
Gillis
Graydon
Green
Hansell
Harkness
Hees
Herridge
Higgins
Hodgson
Johnston
Knowles
Lennard
Low
Macdonnell (Greenwood)
MacInnis
MacLean (Queens)
McGregor
McLure
Montgomery
Murphy
Nickle
Pearkes
Quelch
Robichaud
Ross (Souris)
Rowe
Shaw
Starr
Tustin
White (Hastings-Peterborough)—50.

Bill read the third time and passed.

[Mr. Knowles.]

CROWN LIABILITY

TORTS AND CIVIL SALVAGE

The house resumed, from Wednesday, March 25, consideration in committee of Bill No. 105, respecting the liability of the crown for torts and civil salvage—Mr. Garson—Mr. Beaudoin in the chair.

On section 3—*Liability in tort.*

Mr. Fleming: In section 3 we find the central section of this bill. I am sure there are many in this house who welcome the opportunity of legislating in the terms of this section, for many on this side of the house have been urging for years that the immunity enjoyed by the crown in respect of torts committed by the crown or its servants does not coincide with the facts of this day. We have moved in this parliament by slow stages to the moment we have now reached.

The exchequer court was established in 1875 and the Petition of Right Act was passed in 1876, but still the immunity of the crown continued. Section 19 of the Exchequer Court Act in 1887 opened the way for actions against the crown in certain limited cases of negligence. By degrees that provision was widened but was still confined to claims arising out of the negligence of servants of the crown.

Then in 1945 I recall a debate in this house, Mr. Chairman, when it seemed that the present Prime Minister had closed the door on any hope of removing what is, under present conditions, surely an anachronism in the medieval conception of the immunity of the crown from processual coercion and what Maitland has called "the grandest of the sovereign's immunities". This position certainly does not reflect the mind of the people in this day when there has been a change in the public attitude toward the royal prerogative and the royal immunity from process, a change in circumstances reflected in the extent to which the crown is engaged in business of all kinds and crown corporations are functioning alongside privately-owned corporations, and also reflected in the great increase in civil wrongs that the increasing number of employees of the crown have committed.

In 1945 I said that the present Prime Minister seemed to have dashed all hopes that this anachronism of the law might be removed. On December 13, 1945 during the consideration of the estimates of the Department of Justice, as recorded on page 3467 of *Hansard* for that date, I had the temerity

to ask the then minister of justice this question:

When may we look for some action in the direction of elimination of petitions of right in actions against the crown?

Mr. St. Laurent: Not while I am Minister of Justice.

Then further down, in reply to a further question upon the same point, he said this:

What would be involved in abandoning that position would be an acceptance of the jurisdiction of the provincial courts in claims against the crown.

Now, at long last, we have in this bill the acceptance of the jurisdiction of the provincial courts, up to a point, in claims against the crown.

Then in 1947 a major forward step was taken in the parliament of the United Kingdom with the enactment of the crown proceedings act, and the way was thereby opened for actions to be brought against the crown in the United Kingdom, without fiat, in respect of all torts committed by servants of the crown.

In this parliament in 1950 an important step was taken when, in the amendment to the Petition of Right Act, the requirement of petition of right was dispensed with. But it still left the crown with immunity against any possibility of action being brought in respect of torts committed by servants of the crown in any case except one of negligence under the provisions of section 19 of the Exchequer Court Act. Therefore, Mr. Chairman, in this step that is taken in this present bill, we may see the culmination of a good deal of effort, the fruit of many pleas put forward by hon. members of the House of Commons that this old anachronism should be swept aside and the way should be opened to bring action against the crown in the courts in respect of torts committed by servants of the crown.

I think the Minister of Justice was quite right in referring to this as a far-reaching bill. There are some aspects of it which will call for comment, Mr. Chairman; but unquestionably the attitude of this committee will be to welcome this measure and to say that we are glad to see it. We should like to have seen it before, but we welcome it now.

May I now come specifically to one or two points in connection with section 3 of the bill.

The Chairman: In order to facilitate orderly discussion, may I suggest that we take the subparagraphs seriatim. For instance, the first will be section 3 (1) (a).

Mr. Fleming: Mr. Chairman, by section 3 (1) (a), and perhaps by others as well, the question is raised generally as to the legal test of torts. In section 3 (1) (a) we have the provision that the crown is to be hereafter liable in tort for the damages for which, if it were a private person of full age and capacity, it would be liable in respect of a tort committed by a servant of the crown.

Legislative jurisdiction in respect of torts in Canada is vested in the legislatures of the provinces. In this respect I take it to be the intention of the government to submit itself to the law of the province. Indeed I do not think the measure would be very meaningful if that were not the full intention of the bill. But it occurs to me that we should have in this bill more explicit provision with respect to this matter; for when parliament legislates for the purpose of making the crown liable in respect of a tort committed by a servant of the crown, parliament might in effect be legislating in ten different ways in ten different provinces. It happens that the laws of most of the common-law provinces of this country, in the field of tort, are quite closely parallel. They are not identical in all respects. But so far as the common law with respect to torts is involved here, it is reasonably uniform in the nine common-law provinces. But no one will say that the law in relation to delicts in the province of Quebec is the same as the common law in relation to torts.

Mr. Lesage: It is very close.

Mr. Fleming: It is very close indeed, but it is not precisely the same. I think in a provision of this kind some plainer words are required to make it quite clear that we are to submit the crown in the right of the dominion to the law of the province in each case. We are simply enacting a general provision here that the crown is to be liable as it would be if it were a private person in respect of a tort committed by a servant of the crown.

Let us carry this matter a step further and consider the extent to which the problem could be complicated by provincial statutes in relation to torts. For instance, let us take the case of negligence. We have the negligence act in the province of Ontario—which about 23 years ago introduced important changes in the law of negligence in relation to contribution between joint tort-feasors and in respect to the old doctrine of ultimate negligence and contributory negligence. Now when we are legislating in terms like these, making the crown in the right of the dominion liable for torts just as is a private person, are we to understand that we are in any province submitting the crown in the right of the dominion to provincial statute law in respect of torts?

That is something which I think is of great importance. For instance, with regard to the law of defamation, are we making the crown in the right of the dominion subject to the provisions of the libel and slander act. There are many other statutes in relation to the whole field of torts that one could enumerate.

It is a much simpler matter for a provincial legislature to enact legislation of this kind. For instance, in the province of Ontario the legislature passed similar legislation in 1952 under the title of "An act respecting proceedings against the crown." Like the bill now before us, it owed its inspiration largely to the legislation in the United Kingdom in 1947. But there is no problem of this kind in the way of a provincial legislature passing laws to make the crown in the right of the province liable for torts of servants of the crown, because you have no problem of two legislative bodies making laws in the same field there; you have no problem of territorial overlapping. It is simply a case of the provincial legislature passing laws in a field in which it has exclusive jurisdiction.

In this dominion field we are in a quite different situation, and it seems to me that what is required here to carry out the intent of the legislation, as I understand that intent, would be a further provision or an amplification of the present provision to make it quite clear that when we legislate to make the crown liable for torts of servants of the crown, we are doing so with respect to each province and making the crown liable for a tort according to the law of the province where the tort was committed.

I am sure this matter must have been considered by the law officers of the crown; but it seems to me, with all due respect to them, that we want some more explicit provision than we have here. I can well foresee that, under a provision of this kind, there will be a good deal of litigation arising, perhaps calling for interpretation in the highest court of the land, as to the extent to which parliament, by a general enactment of this kind, intended to submit the crown in the right of the dominion to legislative enactments of the legislatures of the provinces.

Before I pass on and deal with another point, perhaps the Minister of Justice would like to deal with that question.

Mr. Garson: Mr. Chairman, I am sure I agree with my hon. friend as to the difficulty which is posed in a federal state like Canada in passing a federal law of the character of the one which is now before us. It is more difficult here, for example, than it was in Great Britain which is a unitary state. It is much more difficult here than it is in the province of Ontario where the provincial legislature, which has jurisdiction to pass the law making the provincial crown liable, has jurisdiction also over property and civil rights, and the one jurisdiction meshes with the other satisfactorily.

In applying ourselves to that problem here we were convinced that we had no authority to attempt to foist upon the provinces a separate federal code of laws with regard to the torts applicable in those cases in which the federal crown was the defendant in the provincial courts or in the exchequer court. Nor could we hope to have the laws of any one province adopted and applied in all the other provinces under this act. The problem really is by apt words to make the crown liable in each province as if it were a private person of full age and capacity.

My hon. friend should not jump to the conclusion that because the draftsman has achieved this in a few words these words are necessarily inadequate, because good draftsmanship at times can be both succinct and accurate, and this is one of the occasions on which I think that is true. Section 3 reads in this way:

> The crown—

That is the federal crown, the crown in the interpretation section is defined in this way:

> "Crown" means Her Majesty in right of Canada.

In effect, then, clause 3, subclause (1) reads:

> Her Majesty in right of Canada is liable in tort for the damages for which, if she were a private person of full age and capacity, she would be liable first in respect of a tort committed by a servant of the crown.

And so on. My hon. friend is a lawyer of some eminence himself. If he can suggest any other wording that would be more apt here I am sure we would be glad to give it consideration; but I think if he will reflect upon the matter he will find that this wording is suitably applicable in every province in which a claim may arise. The purpose of this legislation is to create a liability upon the part of the crown which did not formerly exist. We have created that by saying that the crown shall be liable in Canada as if it were a private person of full age and capacity. To me that means that in any province, whether it be Nova Scotia, New Brunswick, Manitoba or British Columbia, the plaintiff who is seeking a remedy against the crown can treat the crown in that province as if it were a private person of full age and capacity, and proceed to enter suit against the crown; and on the strength of this legislation which states that the crown is liable.

Although we have no power here over property and civil rights, I do not think it would be disputed that we do have the power in respect to liability upon the federal crown in the manner which we have done in this legislation. And with great respect to the rather important point which my hon. friend has brought up, I think it is very fully covered in the wording which is now before him.

Mr. Fleming: With respect to the view expressed by the minister and the law officers of the crown, who I am sure have advised the minister on this matter, it seems to me that something further is required to make it quite clear that the crown in the right of the dominion, or as it is put here, Her Majesty in right of Canada, is submitting herself to the laws of the provinces. Now you simply have a provision that the crown is liable in respect of a tort committed by a servant of the crown. We have to refer to the provincial law to determine what a tort is.

When you legislate, when you consider what a tort is, Mr. Chairman, are you in a common-law province simply considering the common law, or how do you determine what a tort is, having regard to these expressions used in this section, in the light of the substantial body of statute law in reference to torts that has been enacted in each of the provinces and which is not completely uniform? There is a substantial measure of uniformity in the common-law provinces, but we have not uniform legislation in all the provinces with respect to torts. Would it not meet the point, and is it not necessary that we should clearly stipulate here that we are submitting Her Majesty in right of Canada to the law of the respective provinces in this regard because otherwise there is going to be litigation to determine what we mean by a tort. You have to refer to the provincial law for that.

Mr. Garson: Let us take a concrete case. Suppose John Doe in the province of Ontario has a tort committed against him by a servant of the federal crown in that province. Relying upon this section 3, he brings an action against the federal crown either in the exchequer court or perhaps in one of the district courts or county courts in Ontario.

Mr. Fleming: County courts.

Mr. Garson: In that action surely it would not be difficult on the part of the judge who is hearing the case to read this clear language and come to the conclusion that the crown is, as it states, liable in tort for the damages for which, if it were a private person of full age and capacity, it would be liable in respect of the tort committed by a servant of the crown. All that the judge has to ask himself is whether if this tort that is in question in this action had been committed by the servant of a private person of full age and capacity, would that private person be liable. That is a simple question. And if the private person would be liable in that province according to the law, either common law or statute law, then the requirement of the section is applicable and the plaintiff has his case against the federal crown. We can put this provision in five or ten times as many words, but I do not think it would be any clearer than it is now. Indeed, I think it would be much less clear and not any more accurate.

Mr. Fleming: Perhaps there is no point in prolonging the discussion. I do not think the interpretation of this section is nearly as clear as the Minister of Justice thinks. I think there may be some very real questions raised in some of the courts with respect to the meaning of this clause.

Mr. Garson: May I ask my hon. friend this question. What argument would he bring up as a lawyer involved in the case to the effect that the section was not applicable and the crown was not liable? What would be the basis of his argument?

Mr. Fleming: It would run to this effect, if I were arguing against liability—that would be the way in which the point would arise.

Mr. Garson: That is right.

Mr. Fleming: Parliament had not submitted the crown in the right of the dominion or, as it is put in the bill, Her Majesty in the right of Canada, to the full scope of the provincial law unless it were spelled out in plain words in this legislation. When we talk about torts are you going beyond the common law, for instance, in one of the common-law provinces in relation to torts, or are you submitting Her Majesty in right of Canada to provincial legislation with reference to torts? Because provincial legislation has sometimes destroyed common law torts. It has oftentimes varied them drastically and in other instances has expanded and created offences which did not exist under the common law.

If I were trying to prepare an argument against liability in such a case, I think I would urge that the prerogative of the crown is not limited in any legislative enactment except in plain terms, and that when parliament enacted legislation in the terms of this bill it did not go so far as to submit the crown to provincial legislation. I think quite an argument could be made, with the exercise of a little thought and a little ingenuity in trimming down what I understand to be the intent of this measure.

Crown Liability

I take it we are on common ground as to what we hope to achieve in the bill. We hope to achieve unlimited liability in respect of torts in so far as the crown is concerned. There are limitations in some respects later on in the bill, but so far as its general enactment is concerned my understanding is that it is intended that there should be no limitation whatever upon the liability of the crown in respect of torts committed by servants of the crown.

Mr. Garson: Perhaps the liability could be stated with somewhat greater precision than the hon. member has just stated it. There is a limitation. That limitation is the one imposed by the provincial laws. But the intention is to make the federal crown liable to the full extent to which a person in a private capacity would be liable under the provincial law.

My hon. friend says an argument of that sort could be made. He has just finished making it, in fact. But if he does not mind my saying so, I think it is a somewhat specious argument. I do not think it would get very far if challenged. The language is clear when it states that the crown is liable in tort for the damages for which, if it were a private person of full age and capacity, it would be liable (a) in respect of a tort committed by a servant of the crown.

I suggest to my hon. friend that a tort in any province is what the law of that province says is a tort. And what might be a tort in one province might not necessarily be a tort according to the law of another province. But in a given case in a court in the province in which the tort has been committed and action is being held, I do not think any judge would have difficulty in deciding what "tort" means there.

In proof of the reasonableness of that argument—because I admit I cannot prove it is right, due to the fact that it has never been tested; nor can my hon. friend prove that his argument is right because, as I say, there has been no decision made on this legislation—we have in the Exchequer Court Act and have had for many years section 19, which defines a claim against the crown as follows:

> The exchequer court shall also have exclusive original jurisdiction to hear and determine the following matters: . . .
>
> (c) Every claim against the crown arising out of any death or injury to the person or to property resulting from the negligence of any officer or servant of the crown while acting within the scope of his duties or employment upon any public work.

There is no reference to any provincial law at all. This section is applied from province to province. I have heard of no difficulty experienced in that regard in the exchequer court. We think, on the basis of the experience of the Exchequer Court Act, that we do not have to worry much about the wording which has been adopted in the crown liability act.

Mr. Fleming: I should like to raise a further point, relating to liability in respect of torts committed by members of the armed forces of the crown, or what would otherwise be torts if they were committed by civil servants of the crown.

It seems to me this bill is lacking in that it does not make some provision with respect to that subject. I have not heard put forward any explanation as to why the bill does not deal plainly with it. There are detailed provisions in the United Kingdom act, the crown proceedings act of 1947, in relation to this subject. Section 10 of the United Kingdom act has extensive provisions in relation to injuries suffered by persons as the result of wrongs for which members of the armed forces, while on duty, have been responsible.

We are not dealing with the converse case. The converse case is dealt with in section 4 of the bill, where some wrong is suffered by a person such as a member of the armed forces, who then has the right to pension. I am not dealing with that case but rather with a wrong or damage suffered by some person which, if it had been committed by a private individual, would be considered a tort. In this instance it is committed by a member of the armed forces.

On previous occasions when this subject has been under discussion I have drawn attention to some of the orders in council passed during the war dealing with this matter. I do not need to review them in detail. There were wartime orders in council, and there were orders in council passed under the War Measures Act subsequent to the cessation of hostilities.

For instance, I have before me a certified copy of order in council PC 43/1880, passed on May 14, 1947. And I have another one, PC 254½/2727, passed on May 28, 1949. I had some experience in this connection several years ago as the result of being consulted by a citizen who had sustained substantial damage in consequence of acts on the part of members of the armed forces which, if they had been committed by private persons, would have been definitely tortious.

This was the case of a man holding a fishing licence in lake Ontario. He had his nets out, suspended by floats; and although this area was not within the range of the ships on which naval ratings were then being trained, nevertheless they did engage in gunnery practice over his licensed area, with

the result that not only was his fishing take for that year destroyed but there was also substantial damage to his nets. As a matter of fact his nets were rendered virtually useless. The concussion shattered the floats supporting the nets and, as a result, he sustained substantial damage. I recall taking the case up with the Minister of National Defence, and putting very strong evidence before him. I had a substantial number of affidavits from eyewitnesses. The attitude taken was: There is no liability here. The result was that there was no remedy open to that man, none whatever.

Whatever justification there may be in time of war for absolving the crown from any responsibility for damage inflicted by members of the armed forces under circumstances which, if the act were committed by a private individual, would be tortious and actionable, I submit most strongly that in time of peace when such acts are committed by members of the armed forces a right of action against the crown should result in favour of any citizen whose rights are thereby affected.

Mr. Garson: What was the nature of the tort committed against my hon. friend's client? Would it be the tort of trespass or the tort of negligence?

Mr. Fleming: I would not wish to define it too closely. There was an act of trespass, and negligence may be involved. However, I do not think in a case like that one need be confined by definition in the manner suggested. After all there may be damage to equipment or property. If the Minister of Justice came along and I happen to have a heap of fishing nets out in lake Ontario and he destroys them, I believe I have a right of action against him for the damage he has done to my personal property.

Mr. Garson: My hon. friend would have to bring an action in court against the defendant. I always hesitate about committing myself to a definite opinion upon the basis of just an oral presentation of the facts like this, but I would think that under the new statute my hon. friend's client would clearly have a claim against the crown under those circumstances. I would think it would be for the tort of trespass on his property so damaged. I do not think my hon. friend entertains any doubt that under this new statute he would have a claim.

Mr. Fleming: Yes, I have; because this statute is confined to torts committed by servants of the crown. The definition in section 2(c) is that a servant includes an agent, but there is no reference to its including members of the armed forces. I do not think the members of the armed forces are treated as servants of the crown in this statute.

Mr. Garson: Yes, they are; if that is my hon. friend's difficulty, it is covered.

Mr. Fleming: Is the minister prepared to have it clearly provided for here? The definition of servant should certainly be expanded if it is intended to include members of the armed forces.

Mr. Garson: I grasp my hon. friend's difficulty now. If his difficulty as he now states it is that members of the armed forces, whom his client suspects were guilty of this wrongful act, would not be considered servants of the crown in his opinion, I would point out to him that by an amendment to the Exchequer Court Act passed in 1943, section 50A was inserted, which reads as follows:

> For the purpose of determining liability in any action or other proceeding by or against His Majesty, a person who was at any time since the twenty-fourth day of June, one thousand nine hundred and thirty-eight, a member of the naval, military or air forces of His Majesty in right of Canada shall be deemed to have been at such time a servant of the crown.

That has been the law now for nearly ten years and I think that would have taken care of my hon. friend's difficulty.

Mr. Fleming: I am not at all sure that it would, because here we are opening new ground and making provision for actions to be brought in the provincial courts as well as in the exchequer court. It seems to me that the better method to deal with this would be to expand the definition of servant in section 2(c) of this bill and provide that it shall include members of the armed forces.

Mr. Garson: Surely my hon. friend will agree that a provision in a statute does not lack force because it happens to be in one statute rather than another. Could you get anything that is clearer than this:

> For the purpose of determining liability in any action or other proceeding by or against His Majesty,—

That is pretty broad.

> —a person who was at any time since the twenty-fourth day of June, one thousand nine hundred and thirty-eight, a member of the naval, military or air forces of His Majesty in right of Canada shall be deemed to have been at such time a servant of the crown.

How could you make it any clearer than that?

Mr. Robichaud: Following the main argument of the hon. member for Eglinton I am convinced that there is need for further clarification of section 3 with reference to jurisdiction. In my submission the addition

of a few words after the word "liable" in line 3 of subsection 1 would make the section much clearer. I have listened with much interest to the explanation given by the minister to the effect that in the Exchequer Court Act there is no such specific provision.

The Deputy Chairman: Do I understand that the hon. member is introducing an amendment to section 3?

Mr. Robichaud: I am not introducing an amendment, I am simply referring to the argument put forth by the Minister of Justice when he said there was nothing specific—and he is right, and that is the very point—in the Exchequer Court Act. He said there was no necessity of having more specific words in section 3 of the bill. I submit that under the Exchequer Court Act any actions in tort in all the provinces, that is actions arising from negligence, are now triable in one forum only, the exchequer court. Nevertheless it was felt necessary to provide in the general rules and orders of the exchequer court that when such suits or actions arose in common-law provinces then the practice had to conform with and be regulated by the practice and procedure in force at the time in His Majesty's supreme court of judicature in England. When a matter arose in the province of Quebec it had to be regulated, as to practice and procedure, by the laws in force in His Majesty's superior court for the province of Quebec, or in the absence thereof by the laws in force in His Majesty's supreme court of judicature in England. In the rules and orders different provisions are therefore made for cases that might arise in the common-law provinces and, on the other hand, in the province of Quebec.

Under this bill tortious acts are triable in all provinces of Canada. I agree with the point raised by the hon. member for Eglinton, that unless more specific provisions are embodied in the section there will be room for argument and certainly room for confusion. If words such as "under the laws of the province where the tort or offence was committed" were added after the word "liable" in the third line of section 3, in my submission it would cure every possible confusion in the section. We would then have in the section specific words making the laws of each province applicable to the tort in issue. I bring this, with due respect, to the attention of the minister.

Subsection agreed to.

The Chairman: When I left the chair we were on section 3, subsection 1 and were passing on to subsection 2. Have subsections 2 and 3 been carried?

Some hon. Members: Carried.

[Mr. Robichaud.]

Subsections 2, 3, 4, 5 and 6 agreed to.

Section 3 agreed to.

On section 4—*Special provisions respecting liability.*

Mr. Fleming: Will you follow the same procedure and call the subsections seriatim?

Some hon. Members: Agreed.

On section 4, subsection 1—*No proceedings lie where pension payable.*

Mr. Fleming: Does not the minister think that in a case of this kind it would be fair to extend the right of choice to the individual concerned? Here we have the provision that if pension or compensation has been paid or is payable out of the consolidated revenue fund in respect of the tort in question, there is no right of action.

Mr. Garson: That has been considered, Mr. Chairman, but the purpose of the pension act, where there is a pension act, is to treat every one of a class of people in respect of death or injury, etc., on an equal basis. We think that upon balance it is preferable to leave them to rely on their pension rights. Then everyone in that group of people is treated on an equal basis.

Mr. Browne (St. John's West): But I wonder if the minister has thought this out very carefully.

Mr. Dickey: He has.

Mr. Browne (St. John's West): Supposing a person has only been in employment a short time. He would not have paid very much into the fund and not very much of a pension would be payable, yet he might have an action for several thousands of dollars in damages. Is that not so? I am thinking there might be a case where an employee of the government, through some neglect on the part of his fellow servants of the crown, received an injury that resulted in death. His widow would therefore have an action in tort against the crown which might run into several thousand dollars whereas the pension to his widow would be insignificant. Would you not be prepared to give this further consideration on these grounds?

Mr. Garson: I am speaking from memory now, but I think in a case of that sort there would not be any pension payable to the widow which would interfere with the action in tort.

Mr. Browne (St. John's West): Is the pension not in itself a bar? Because a widow would have a right to pension might she not be debarred from taking action in court, if she were entitled to a pension under this clause?

Mr. Garson: Perhaps I did not make myself clear, but where a civil servant should happen to injure another civil servant there is no pension payable in respect of that injury and therefore there would be a claim for damages in tort, with no offsetting pension payment to complicate the matter in a case of that kind.

Mr. Browne (St. John's West): Then supposing an employee on a government ship is injured and is entitled to compensation, for instance a merchant seaman's compensation. He might have an action for many thousands of dollars, which would be superior to the pension he would receive or that his widow would receive in case of death. His widow only receives $50 a month, so would it not be right in such a case to give an election to the person concerned?

Mr. Garson: If my hon. friend is asking my personal opinion I would think not. The parallel I would draw there is where, in those provinces that have workmen's compensation acts, the amount of pension that is payable to workmen in industry for different types of accident or death, without any lawsuits or difficulties of that sort, is received by him at the cost of not having any action for damages against his employer on the basis of employers' liability.

We have in our own government service here what we call the Government Employees Compensation Act which is the same as the workmen's compensation act in the provincial sphere. It applies only to our own civil servants. These are cases of one not being able to have his cake and eat it too. If a fund is set up to compensate people for injury or losses of one kind or another, the justification for devoting tax moneys to the support of such a fund is that the problem is taken care of by that payment of such compensation, and any rights which the injured person may have to recover damages from the person responsible for his injury are at the same time extinguished.

Subsection agreed to.

On section 4, subsection 2—*Liability for acts of servants.*

Mr. Fleming: On subsection 2, and the same remarks apply to subsection 3, are we to understand that the second part of the subsection following the word "unless" has reference to the provincial law?

Mr. Garson: Yes.

Mr. Fleming: Again I am saying that I think appropriate words ought to be inserted there not only for the sake of clarity but I think to carry out the intent that has been expressed and is generally shared. I think it would be highly desirable to have in subsection 2 after the word "would" in the fourth line such words as "under the law of the province". Similarly in subsection 3, the same words might be inserted after the word "unless" in the fourth line. I am not at all sure that difficulty is not going to arise over this question of provincial law in ways that we may now not be able fully to take account of here. It is so easy to pass these enactments without seeing the opportunities for dispute over them later on when people come to determine their legal rights in the light of the words we are using.

I just offer the suggestion again, and I am only trying to make this measure as effective as possible for the purpose which has been described and which all members of the house support. I think words such as I have suggested would make it much clearer.

Mr. Garson: I appreciate indeed my hon. friend's solicitude in the matter and acknowledge the helpfulness of his suggestions. However, I would not want him to think that these points he has named, and some others that he has not yet named, had been ignored when the words of this section were being considered by the draftsmen.

There are a number of problems that arise which perhaps have not occurred to him. For example, what would the situation be if the tort took place on a Canadian ship on the high seas? What provincial law would apply in a case of that sort? What if the incident took place on Sable island? If you say that the law of the province applies, is it the law at the time this present bill is passed here, or is it the provincial law as that law may be amended in the future? If any amendments are passed to our law, how do they dovetail into amendments to relevant provincial amendments which are also passed?

When one weighs considerations, and others, I think my hon. friend would agree that if they were put on one side of the scales, and on the other side of the scales was placed the section I quoted from the Exchequer Court Act, which is in simple language and has stood the test of time for a number of years without any of these difficulties which my hon. friend speaks of having occurred, then on balance the prudent thing to do is to follow the successful precedent in the case of the Exchequer Court Act and adopt the simple language we have here.

In recent years, amongst other things, since we set up the drafting branch in the Department of Justice we have been trying where possible to simplify our laws and thereby make them a lot easier for everyone to read.

Subsection agreed to.

On section 4, subsection 3—*Motor vehicles.*

Mr. Green: Does this subsection mean that a person who has been injured must sue the driver of the motor vehicle and obtain judgment against him as well as suing the crown in order to recover anything from the crown? It reads:

No proceedings lie against the crown by virtue of subsection (2) of section 3 in respect of damage sustained by any person by reason of a motor vehicle upon a highway unless the driver of the motor vehicle or his personal representative is liable for the damage so sustained.

Now, the driver of the motor vehicle can only be held liable if there has been a decision against him. For that reason I take it that the driver has to be a party to the action.

Mr. Garson: Would my hon. friend just elucidate that point a little?

Mr. Green: My doubt arises out of the wording of the clause. In effect, the clause says that the crown will not be liable for damages unless the driver of the car is also liable. The driver of the car can only be found liable if he is a party to the action and judgment is obtained against him. I am asking whether the result is not that, in each case, the plaintiff will have to sue not only the crown but also the employee of the crown who happened to be driving the car. Furthermore, he would have to obtain judgment against that driver.

Mr. Garson: Mr. Chairman, this is a case where an attempt has been made to follow a provincial provision which seems to be uniform in all the provinces, to the effect that the owner of a motor vehicle cannot be made liable unless the driver is liable. We have adopted that provision, which is in nearly all the motor vehicle traffic acts of the various provinces, and made it applicable to the proceedings here so there would not be any doubt on this point.

Mr. Green: In effect, then, the plaintiff would have to sue the driver personally as well as the crown; that is correct, is it not?

Mr. Garson: Yes.

Mr. Green: Then on section 4, subsection 4, I should like to ask the minister to give some thought to the time within which persons who are injured must give notice to the crown. The clause, as it is worded, sets the time limit at seven days. I know from experience that, for example, a person may be injured in a government building or outside of a government building because it has not been kept in proper shape. He may be taken to the hospital, and the first consideration is to see that proper medical attention is given to him. Probably his people do not even think of going to a lawyer for ten days or even two weeks. I suggest that this seven-day limitation is very unfair and should be extended to, say, thirty days.

I notice that in the explanatory note the reason given for this short time is that otherwise the employees of the crown will not be able to check up on the condition of the building. However, if this injury is such that it will give rise to a proper claim, then the crown employee will know about it at once. There is the opportunity for him to examine the premises and make his report. On the other hand, if the crown employee does not know anything about the accident, then when the plaintiff comes into court his story is going to be looked upon with a great deal of doubt by the judge if nothing whatever was said to the crown employees who were in the building.

I know that in the case of a claim arising in British Columbia it would be very difficult to get notice off within the seven days. I do not think it is a reasonable time, and I would ask that an extension be given.

Mr. Garson: Mr. Chairman, take the case, for example, of a claim made against the crown by a plaintiff who alleges that he stepped upon the sill of a doorway that was covered with ice and was not properly sanded. He fell and injured himself severely. I am sure the hon. member for Vancouver-Quadra would agree with me that the validity of that claim would depend upon whether the plaintiff could establish that the defendant crown was negligent in not sanding the doorway. If, in respect of an ephemeral condition like ice, the defendant is not given prompt notice so it can inform itself as to the facts, it is going to have little chance when the case comes to court of establishing its version of the condition of the doorway at the time of the accident. Seven days is quite a long time in relation to a condition which can pass away in much less time than that.

Mr. Browne (St. John's West): Would you make the time shorter, then?

Mr. Garson: The information will get around amongst lawyers that there is this sort of limitation, and they will see to it that that notice is given. Then, as the hon. member for Vancouver-Quadra very cogently says, the plaintiff's case is a lot better if he can show—or his lawyer could do that—that he went to the employee of the crown and said, "Look, I have hurt myself. Here is where I fell and see this ice here; there is

no sand on it". This clause, if it is properly applied and if the plaintiff is well advised and diligent, will help the plaintiff's claim rather than hinder it. I think my hon. friend is quite right when he says that if there were no provision like this at all, and it developed that no complaint had been made to the crown for a period of ten days or two weeks, the judge would be rather sceptical when no other person had seen it, as to whether the injury was actually caused by this allegedly icy condition or whether it was due to the plaintiff's own negligence.

Mr. Green: But I do say that in most cases there would be an employee of the crown right on the premises at the time of the accident. He would know about the accident, and it would be his duty to make a record of the condition at that time. This would be the normal case. If the person has been seriously injured he may be in hospital for quite a long time. In fact, the more seriously injured he is, the less likely it is that he will be able to get off any written notice with the details of his claim within a period of seven days from the time of the accident. There certainly should be some leeway given so that a man would not be necessarily out of court after the seven days. There should be some provision so that in a bona fide case, where the person was unable to get in a notice within the seven days, he would not be deprived of his action. I think the section is too tight as it is worded at the present time.

Mr. Fleming: I should like to support what has been said by the hon. member for Vancouver-Quadra. This section as it stands is very harsh. It is not a qualified bar to an action, it is an absolute bar. If that notice in writing is not given in seven days it is an absolute bar.

We are told we are creating a remedy for people who suffer wrongs, but here is a section which says that if notice in writing is not given in this prescribed manner within seven days that right of action is completely destroyed.

The minister has taken a very simple case. He has assumed that the individual is perfectly conscious after the accident; and in the case he put, of course seven days is longer than the injured person needs. But let us consider the case of a man who may be unconscious for a month after the accident. What is to be done then? He may be far from friends, far from family and far from home when this happens. It may be all very well for the crown to insist that it should have prompt notice in order that it may investigate the conditions that are complained of. But there is another side to the story that I think has not been taken into account and certainly has not been mentioned by the minister.

Let me give the minister a parallel case, because I have had a good deal of experience with this particular provision. Under the provisions of the Ontario highway improvement act the crown in the right of the province is liable for damages suffered by any person using the queen's highway as a result of conditions of disrepair. There the requirement is that notice in writing of injury shall be given within ten days; it is not seven days but ten days. Then there is this further provision, that failure to give the notice is not an absolute bar if the failure to give the notice is such as not to have resulted in prejudice to the crown.

I think on reflection the minister will realize that where a provision of this kind is written in terms of absolute bar to the action, a limitation of this kind is not only unreasonable but harsh, Mr. Chairman. Take, for instance, the case of a man who has sustained perhaps an extremely serious injury. It may be a concussion resulting in a prolonged period of unconsciousness far exceeding seven days, with nobody else to give notice on his behalf. Then he is told that he has completely lost any right he had against the crown and there is no right to be relieved of this bar. It is not a conditional bar; it is an absolute bar.

Mr. Garson: Can my hon. friend give any further details with regard to the modification of the bar in the case of the Ontario statute to which he referred?

Mr. Fleming: Yes. I have not the exact language of the statute here but it runs to this effect. If the court—and it is left to the court to decide when the case comes before it in due course—is satisfied that no prejudice has resulted to the crown from failure to give the notice within the prescribed period, the court has power to relieve the plaintiff from the effect of the failure to give the notice. I think that is a reasonable provision.

I would urge on the minister that even with such a saving provision, a period of seven days is still too short. It is going to take some considerable time for the general public to come to know of this new legislation which is creating new rights. It seems to me that a period of seven days is unreasonably short in the case of new legislation giving rise to new rights. If the minister will follow a suggestion, I would propose that this section should not be written in terms of absolute bar but only conditional bar, and that the

period within which notice may be given should be considerably extended beyond the seven days.

Mr. Garson: Mr. Chairman, Mr. Driedger, the parliamentary counsel to the Department of Justice, has heard this discussion and I have just suggested that he might retire for a moment and see what he can do to modify that clause in accordance with the suggestion made by my hon. friend.

Mr. Browne (St. John's West): Before he retires, Mr. Chairman, I should like to make a suggestion. Heretofore in some workmen's compensation acts a similar provision is made, that notice must be given within seven days. But it is also provided that if a plaintiff can show that the failure to give due notice was not owing to any fault of his or was owing to reasons for which he can give a full and valid explanation, then the court may extend the time in which notice may be given, or at least it is not obliged to throw out the action because the limit of seven days was not observed.

May I add another suggestion and say that I have never heard of any complaint because a period of at least two years—or six years perhaps in some jurisdictions—is allowed to a private person within which to take action for negligence. I therefore believe it is imaginary and theoretical to speak of the damages which might accrue to the crown because a longer period than seven days was allowed.

The Chairman: Shall section 4 stand until later?

Some hon. Members: Agreed.

Section stands.

Section 5 agreed to.

On section 6—*Proceedings in rem.*

Mr. Robichaud: I wish to submit to the minister that, in my opinion, section 6 is taking away a privilege which heretofore was enjoyed by the subject in proceedings under the Exchequer Court Act; because under the provisions of section 6, proceedings in rem are not authorized. In rule 4 of the general rules and orders of the exchequer court, not only were proceedings in rem allowed but there was provision for a joinder of proceedings in rem and proceedings in personam.

I can quite imagine, even under this statute now, a case where as the result of the commission of a tort by a servant of the crown, anything involved in the commission of the offence may be liable to condemnation, as we call it under the exchequer court practice, and the offender may be liable as well to answer for his act. Why would not this condemnation and claim for damages for an unlawful act of the offender be joined in one and the same action? In other words I cannot understand why, on the one hand, we say in effect that we give the subject more privileges now in an action against the crown because we give him another forum—we give him the privilege of suing in his own province—but on the other hand we whittle away some of the rights which he heretofore enjoyed under the practice of the exchequer court. In this one instance, under the exchequer court practice, the subject had the right to an action in rem and to condemnation of the matter involved. But now under this bill the action in rem is not authorized. I should like to have some explanation from the minister as to the reason why an action in rem is not now authorized under the statute.

Mr. Garson: Mr. Chairman, although I am by no means an expert in admiralty law, I understand that the purpose of an action in rem is that the ship or thing itself may be attached by the process so that the damages which are recovered in the lawsuit can be obtained or the payment of them can be exacted before the ship or thing is released. Where a ship is in a harbour, if you do not attach it in rem and it sails away I can understand you will have a hard time collecting judgment. But there is great permanency to the federal crown as compared with a ship of that kind. Therefore there is no purpose in tying up a crown ship by an action in rem because the federal crown will always be able to pay any damages that are charged against it. The purpose of the action in rem therefore never having existed in relation to the federal crown, there is no reason why the action itself should be retained.

Mr. Robichaud: Why then, under the present practice in the exchequer court, is this rule 4 still in existence? I will quote it for the record:

Rule 4

Joinder in rem and in personam

Where, by reason of the commission of any offence, any thing is liable to condemnation, and the offender is also liable to a penalty, such condemnation and penalty may be enforced and recovered in one and the same proceeding; but no judgment for any such penalty shall be given against any person who has not been served with the information.

That is the present practice of the exchequer court, Mr. Chairman. With the minister I quite admit that the crown is not likely to run away; and I quite admit that

it is a different case from that of a ship belonging to a foreign power or a foreign company. I am willing to admit all that. But what I wish to know is why, when we have an action in rem authorized under the present practice of the exchequer court, this right of the subject has been taken away under the present statute. In the minister's comments so far I see no explanation.

Mr. Garson: If my hon. friend will read the section he will see that its wording is as follows, and the first four words in the section are extremely significant.

Mr. Robichaud: I have read it carefully.

Mr. Garson: The wording is:

> Nothing in this act authorizes proceedings in rem . . .

It may be that we are indebted to my hon. friend for having pointed out this section in the exchequer court rules, and it may be that they should be repealed now; I do not know. We will have to look into that, but there is nothing in this act which authorizes proceedings in rem.

Mr. Robichaud: That is exactly my argument. I thought I would bring to the attention of the minister the existence of rule 4.

Mr. Garson: Could we revert to clause 4 and see if this would meet the objection?

The Chairman: Clause 4, subsection 4.

Mr. Garson: There would be subsection (5) to read as follows:

> (5) In the case of the death of the person injured, failure to give the notice required by subsection (4) is not a bar to the proceedings, and, except where the injury was caused by snow or ice, failure to give or insufficiency of the notice is not a bar to the proceedings if reasonable excuse for the want or insufficiency of the notice is established and the court or judge before whom the proceedings are taken is of opinion that the crown in its defence was not prejudiced by the want or insufficiency of the notice and that to bar the proceedings would be an injustice.

Mr. Green: I suggest that the minister have this looked over again before we deal with the bill on another occasion. There is an exception in there, snow and ice. It so happens that I know of a case where a woman was quite badly injured because of the ice and snow not being removed from an immigration building at the boundary near Vancouver. She was taken to hospital quite badly hurt. I do not believe her husband came in for some days. Certainly in that kind of case the seven days might easily have gone by, yet the immigration officials were right there. They knew about the accident that had happened. They knew exactly the condition of the building, yet if the section is worded as the minister now proposes to word it there would be no chance to sue.

The Chairman: Shall clause 4 of subsection 4 stand?

Subsection stands.

The Chairman: Shall we agree to carry clause 7 which is the last clause of part I? Shall section 7 carry?

Section 7 agreed to.

The Chairman: On the next occasion we shall consider part II, clause 8. Shall I report progress?

Progress reported.

PRIVILEGE

MR. ADAMSON—REFERENCE TO STATEMENT IN "FINANCIAL POST" OF MARCH 28

Mr. Rodney Adamson (York West): May I rise on a question of personal privilege? I do so at this late hour tonight in order to get it in today because the article which I find offensive appeared in Saturday's *Financial Post,* which came out today, and I wish to make this correction as a matter of personal privilege, Mr. Speaker. The article appears on the front page of the *Financial Post* under the heading "Opposition girds to fight all-Canada gas line plan." The paragraph I object to reads as follows:

> The activity centred on a movement to oppose trade minister Howe's recent pronouncement of federal gas policy: An all-Canadian east-west route via northern Ontario.

I was the last to speak for the opposition, and what I said was the very antithesis of what the article suggests. I wish to protest against this suggestion as a matter of personal privilege. I advocated the greatest use of the natural gas, the quickest way to market the gas and the way which would give the greatest service to all Canada, particularly that part of Canada which is deficient in fuel at the present time. That is the purport of what I said, Mr. Speaker.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): I move that the house do now adjourn. Tomorrow we shall take up first interim supply, further supplementary estimates; then Bill No. 105, respecting the liability of the crown for torts and civil salvage. Then another matter we should like to bring up is the resolution of the Minister of Fisheries providing for the approval and confirmation of the international convention for the high seas fisheries of the north Pacific ocean, signed by Canada, United States and Japan in Tokyo, and if we have time we will take up Bill No. 107, to amend the Post Office Act.

Motion agreed to and the house adjourned at 10.08 p.m.

HOUSE OF COMMONS

Friday, March 27, 1953

The house met at 2.30 p.m.

REPORTS OF COMMITTEES

BROADCASTING—CONCURRENCE IN FIRST REPORT

Mr. W. A. Robinson (Simcoe East) presented the first report of the special committee on broadcasting, and moved that the report be concurred in.

Motion agreed to.

RAILWAYS AND SHIPPING—SECOND REPORT

Mr. Hughes Cleaver (Halton) presented the second report of the sessional committee on railways and shipping owned, operated and controlled by the government.

Mr. Macdonnell (Greenwood): On a question of privilege, Mr. Speaker, I wish to point out that this is a majority report.

CANADIAN NATIONAL RAILWAYS

REFERENCE OF ESTIMATES TO COMMITTEE OF SUPPLY

Hon. Douglas Abbott (Minister of Finance) moved:

That votes Nos. 467, 471 and 476 of the main estimates for 1953-54, approved and reported upon this day by the sessional committee on railways and shipping owned, operated and controlled by the government, be referred back to the committee of supply.

Motion agreed to.

NATIONAL DEFENCE

ALLEGED STATEMENT OF WING COMMANDER R. H. ROHMER—CANADIAN DEFENCE AGAINST AIR ATTACK

On the orders of the day:

Mr. G. R. Pearkes (Nanaimo): May I direct a question to the Minister of National Defence, notice of which I have given his office. Has the minister any comment to make on the address delivered in Toronto yesterday by Wing Commander R. H. Rohmer, D.F.C., in which he stated that Canada is absolutely defenceless to air attack—

Some hon. Members: Order, order.

Mr. Ferguson: Don't you want to hear the truth?

Mr. Pearkes: —and that it is high time the people of Canada were told the truth?

Some hon. Members: Order.

Mr. Deputy Speaker: Order. As the hon. member knows, he must not give any information—

An hon. Member: He is reading a speech.

Mr. Ferguson: This is a matter of national importance.

An hon. Member: Horses to you.

Mr. Deputy Speaker: Order. It is not possible for the Speaker to be heard if there is noise in the house. The hon. member for Nanaimo (Mr. Pearkes) is asking a question. He is entitled to ask the question if the matter is urgent, but he must not give any information when asking the question. He must simply ask his question.

Mr. Pearkes: I have asked my question, Mr. Speaker.

An hon. Member: He has given a speech.

Hon. Brooke Claxton (Minister of National Defence): I can only answer the question fully by going extensively into the situation regarding the production of aircraft. This question was covered before by my colleague the Minister of Defence Production (Mr. Howe), in a statement in the house on February 16, in so far as the production by A.V. Roe Canada Limited is concerned.

In answer to the hon. member for Nanaimo, I can tell him that we have today six squadrons of Sabre fighters abroad, the most formidable fighter aircraft in operation today. The importance of the Canadian Sabre squadrons was indicated by references to them in the press growing out of the recent incidents in Europe. Three more squadrons are on their way over. We shall complete our full commitment of an air division of twelve squadrons to NATO by the date set and we shall do that in the belief—which I think is shared by all Canadians—that the best place to defend Canada and to prevent aggression is as far away from our shores as possible.

As I have indicated, a report on the production of the CF-100 has already been made to the house—that is the other fighter aircraft we have in production—and this report and others available to me on the production of the aircraft and the engines

indicate that it should be possible for us similarly to complete the planned build-up of our defences in Canada with these all-weather fighters designed particularly to do that job. It was not possible to do this before because the aircraft with which to do it did not exist anywhere in the world. Had we gone into production of any earlier type we would have had a major part of our productive capacity engaged in producing planes which were either already obsolescent or which were not suited for the purpose. Instead of that we engaged in producing the CF-100 which is believed to be the leading long-range all-weather fighter aircraft, and it is specially designed, equipped and qualified to meet the needs of Canadian defence.

At all times during the past year and a half we have had a number of squadrons of Sabres for our defence pending their transfer to the other side, and we have had a large number of aircrew and aircraft in the operational training units. Exercise Signpost last July was the first major demonstration and exercise of air defence.

There is nothing new in the situation and it has been made plain from time to time. In "Canada's Defence Program" the white paper I put before parliament last session, in June, 1952, and which was widely distributed, I referred to the air defence of Canada; and after mentioning radar installations and communications I said:

> At the same time fighter defence in Canada, both regular and reserve, is being built up. At present the fighter squadrons for this purpose are equipped with Vampire and Mustang aircraft. These will be replaced by CF-100's as they become available. In addition, there are a number of squadrons equipped with F-86E's and designated for the NATO air force in Europe. In the meantime they are available for the defence of this continent.

The statement then made was completely in accordance with the facts as they then existed and it has been amplified and repeated time after time ever since. It has been made perfectly plain that the first squadron of CF-100's was in process of formation. We could not establish it—equipped with this first all-weather long-range fighter to meet Canadian needs—until the planes were produced, and there were no suitable planes in production anywhere else.

Mr. Speaker, I have referred to the production of F-86's and CF-100's. As to the production of F-86's, there may be some people still who are sorry that we did not take their advice and go into production on some other types of fighters which are now obsolete. I do not believe that the Royal Air Force of the United Kingdom, which is receiving a large number of these fighters, would take that view. I do not believe that the United States Air Force, to which we sold a number of these fighters for use in Korea, would take that view. I do not believe that the countries of NATO and Britain, which are now being defended in part by our fighters abroad, would take that view either. I do not believe that the people of Canada would take that view because the F-86E and its production have been magnificent successes and major contributions to our combined defence.

Similarly, a year from now I believe that we shall look back on our decision to make the CF-100 and the Orenda engine in Canada as a major contribution to the defence of North America and of Canada itself.

Mr. J. S. Sinnott (Springfield): I should like to direct a supplementary question to the Minister of National Defence. Is he aware that Wing Commander Rohmer is in partnership with a certain Conservative candidate in Toronto?

Mr. Fraser: And treasurer of the Liberal party.

INQUIRY AS TO IMPORTATION OF BEAGLE HOUNDS

On the orders of the day:

Mr. J. H. Ferguson (Simcoe North): Mr. Speaker, I should like to direct a question to the Minister of National Defence. Is it true that we are importing beagle hounds from the old country to be used to encourage the men of the flying corps at Camp Borden to take exercise? Is that true or not true?

Hon. Brooke Claxton (Minister of National Defence): No.

FISHERIES

INCREASE IN CARAPACE MEASUREMENT OF LOBSTERS

On the orders of the day:

Mr. W. Chester S. McLure (Queens): Mr. Speaker, I desire to direct a question to the Minister of Fisheries. Has the minister been informed by his deputy that the Prince Edward Island fisheries federation strongly protests the new carapace measurement for lobsters? If so, what comment has he to make with regard to the matter?

Hon. James Sinclair (Minister of Fisheries): Mr. Speaker, the minister has been informed. I have no further comment to make at this time.

Inquiries of the Ministry

ADMINISTRATION OF JUSTICE

VANCOUVER, B. C.—REFERENCE TO INSTRUCTIONS BY JUDGE TO PRESS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): I wish to direct a question to the Minister of Justice. Has the minister been informed of an order made yesterday by Mr. Justice Manson in open trial in Vancouver instructing the press not to report certain statements that had been made, and an incident that took place in the trial? Can the minister say whether it is permissible for a judge to issue such an order to the press?

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, the incident of which my hon. friend is speaking is one which comes under the administration of justice in the province of Ontario and he might—

Mr. Knowles: This was in Vancouver.

Mr. Garson: I beg your pardon; in the province of British Columbia. The question which he is asking in this house might more properly be asked in British Columbia of the attorney general there.

POSTAL SERVICE

PRISONERS OF WAR, KOREA—NON-DELIVERY OF PARCELS

On the orders of the day:

Mr. A. Earl Catherwood (Haldimand): Mr. Speaker, I should like to direct a question to the Postmaster General. Has the minister received any complaints about parcels, addressed to prisoners of war in Korea, which are not being delivered? If so, does the minister wish to make any comment on the matter?

Hon. Alcide Cote (Postmaster General): Mr. Speaker, I must thank my hon. friend for having given me notice of this question. The answer is that no such complaints have been received. As a matter of fact, I am advised that there is no parcel post service at the present time between Canada and prisoners of war in Korea, and no such parcels have been tendered for acceptance; neither has there been any request for such service.

Hon. Brooke Claxton (Minister of National Defence): If I may supplement the answer, may I say that there is only one Canadian prisoner of war that we know of.

EXTERNAL AFFAIRS

PAN-AMERICAN UNION—STATEMENT BY CANADIAN AMBASSADOR TO COLOMBIA

On the orders of the day:

Mr. Gordon Graydon (Peel): I should like to direct a question to the Prime Minister. I sent him last night a press clipping and notice of my question for today. It is this. In view of the fact that the Canadian ambassador to Colombia, Edmond Turcotte, indicated this week that Canada eventually might join the Pan-American Union if the union tendered such an invitation, will the Prime Minister tell the house whether the government has any steps in this direction in contemplation at the moment and whether that statement accurately reflects Canadian government policy?

Right Hon. L. S. St. Laurent (Prime Minister): The Department of External Affairs has no information other than the press report to which the hon. member for Peel refers about a statement attributed to the newly-appointed ambassador to Colombia concerning Canada's attitude to the organization of American states.

The position of the government of Canada in this respect has not changed since I last referred to this subject on February 12, 1949, when I spoke at a press conference in Washington. Speaking of the Organization of American States, formerly known as the Pan-American Union, I said:

> Our government has been giving thought to the Pan-American Union over a great many years and our relations with the members of the Pan-American Union have always been most satisfactory. The angle from which this has been examined is as to whether our actual participation in the Pan-American Union would be productive of any real advantage for any of its members. Our cultural, our trade relations, with other members of the Pan-American Union have always been very good and they will improve constantly. So far it has not appeared to us that there would be any decided advantage in a formal membership in the Pan-American Union.

Mr. Graydon: Will the Prime Minister convey to the Department of External Affairs some message whereby they may find out whether the ambassador to Colombia had been correctly reported or not?

Mr. St. Laurent: The Department of External Affairs has already asked the ambassador to Colombia to give a factual report on what is referred to in this press clipping.

Interim Supply

GRAIN

SUGGESTED REFERENCE OF REPORT OF BOARD OF GRAIN COMMISSIONERS TO COMMITTEE ON AGRICULTURE

On the orders of the day:

Mr. H. R. Argue (Assiniboia): I should like to direct a question to the Minister of Trade and Commerce. Will the minister have the annual report of the board of grain commissioners referred to the agriculture committee during the present session?

Right Hon. C. D. Howe (Minister of Trade and Commerce): The annual report of the board of grain commissioners has not been received by the minister. I understand it is being printed at the present time. When it is received I shall be glad to consider the situation of that day and give my hon. friend an answer.

SUPPLY

The house in committee of supply, Mr. Beaudoin in the chair.

INTERIM SUPPLY

Mr. Abbott moved:

That a sum not exceeding $534,871,213.17, being one-sixth of the amount of each of the items to be voted, as set forth in the main estimates for the fiscal year ending March 31, 1954, laid before the House of Commons at the present session of parliament; and in addition thereto, a sum not exceeding $207,500, being one-quarter of the amount of item 433, a sum not exceeding $372,512.84, being one-sixth of the amount of items 199, 201, 204, 205, and a sum not exceeding $2,223,289.17, being one-twelfth of the amount of items 19, 37, 62, 435, 436, 439, of the said estimates be granted to Her Majesty on account of the fiscal year ending March 31, 1954.

He said: Mr. Chairman, the bill to be founded on this resolution will provide for the usual one-sixth of all the items to be voted in the main estimates for the fiscal year which commences on the 1st day of April, 1953, and an additional one-quarter of one special item, namely, the international trade fair, where the major portion of the expenditures have to be met in the early part of the year; and an additional one-sixth of four other special items, which include the sessional expenses of this house and the other place; the unemployment insurance commission; certain additional costs for the transfer of labour; and an additional one-twelfth of six other special items, two of them in the Department of Agriculture, one of them relating to the experimental farm service and the other freight assistance on western feed grain where an expenditure of an additional amount is due early in the year, and three items in trade and commerce, electricity and gas inspection service, weights and measures inspection service; and the dominion bureau of statistics, certain census expenses.

In no instance of course is the total amount of any item being released. These special items are substantially the same as the ones that I asked for in the first interim supply at the last session. The form of the bill is the same as the bill which was passed at this time last year. As usual, I give the undertaking that the passing of the bill will not prejudice the rights and privileges of members to criticize and discuss any item in the estimates which will come up for consideration from time to time during the remainder of the session, and the usual undertaking is given that such rights and privileges will be respected and will not be curtailed or restricted in any way as the result of the passing of this measure.

Mr. Macdonnell (Greenwood): Is it not unusual to have interim supply in the year preceding the year in respect of which it is granted? In other words, is it not unusual to ask that these moneys be given before the end of the fiscal year itself?

Mr. Abbott: Well, my recollection is that it is the customary thing to do it in that way. On April 1 we must have money to pay civil salaries and the expenses which are incurred in the fiscal year. I am speaking from memory, but my recollection is that it is usual, a day or two before the end of the fiscal year, to ask for interim supply. It seemed to me that it might be convenient to deal with interim supply and to deal with the final supplementary estimates at the same time, and I brought it on today.

Resolution reported, read the second time and concurred in.

WAYS AND MEANS

INTERIM SUPPLY

Hon. Douglas Abbott (Minister of Finance) moved that the house go into committee of ways and means.

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

Mr. Abbott moved:

Resolved, that towards making good the supply granted to Her Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1954, the following sums be granted out of the consolidated revenue fund of Canada, namely:

1. The sum of $534,871,213.17, being one-sixth of the amount of each of the items set forth in the main estimates for the fiscal year ending March 31, 1954;

2. The sum of $207,500, being one-quarter of the amount of item 433 of the said estimates;

3. The sum of $372,512.84, being one-sixth of the amount of items 199, 201, 204, 205 of the said estimates; and

4. The sum of $2,223,289.17, being one-twelfth of the amount of items 19, 37, 62, 435, 436, 439 of the said estimates; as set forth in the resolution concurred in this day in the committee of supply.

Motion agreed to.

Resolution reported, read the second time and concurred in.

Mr. Abbott thereupon moved for leave to introduce Bill No. 291, for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1954.

Motion agreed to, bill read the first and second times, considered in committee, reported, read the third time and passed.

SUPPLY

The house in committee of supply, Mr. Beaudoin in the chair.

DEPARTMENT OF AGRICULTURE

560. Estimated amount required to recoup the agricultural prices support account to cover the net operating loss of the agricultural prices support board during the fiscal year 1952-53, including authority to credit to the account the net revenue received into the agricultural products board account from the sale of New Zealand meat received in exchange for beef shipped to the United Kingdom, $32,346,000.

Mr. Charlton: I am sorry the Minister of Agriculture is not in his seat, because I should like to have some information on this item. Is there anyone here who can give it?

Mr. Abbott: I think I can, Mr. Chairman. The Minister of Agriculture could not be present today.

Mr. Charlton: How much surplus beef bought last year is still on hand, and what amount has been sold?

Mr. Abbott: First, with respect to hogs, on April 1, 1952, the agricultural prices support board held 5,492,520 pounds of canned pork produced to their specifications and had a further 92,768,454 pounds produced to their specifications up to March 31, 1953. It is estimated that by March 31 the board will have resold 25 million pounds of canned pork, principally in the domestic market, at a net loss to the board of $6,075,000. Various pork cut programs involving 101,437,581 pounds of product have been carried out and it is estimated that about 10 million pounds of these cuts will remain on hand as at March 31, 1953. The total loss on the cuts resold to March 31 is estimated at $2,738,828.08, which is mainly represented by the payment of certain storage, transportation and other handling charges which had to be added to the fresh cost in calculating the net loss.

Then, I presume the hon. member would like to have similar information with respect to cattle. In this connection the major program has been one of acceptance of carcass beef for shipment to the United Kingdom in return for which New Zealand beef has been sold in the United States to offset the cost of the Canadian beef. Other programs have included the purchase of live cattle and the operation of the Canadian Co-operative Processors' plant at Swift Current, Saskatchewan, the acceptance of some boneless beef and carcass beef which are presently stored in Canada, and the acceptance of some specially prepared boneless beef which has been resold to the Department of National Defence for use by Canadian and commonwealth troops in Korea.

Up to March 31, 1953, it is estimated the board will have purchased 159,533 cattle and accepted product in the form of carcass and boneless beef as well as some live cattle. As at March 31, 1953, the board estimates it will hold in storage in Canada product equivalent to 38,555 cattle including those held alive on community pasture. About two-thirds of these cattle are stored in the form of frozen carcass beef and most of the balance in the form of boneless manufacturing beef. No cattle have been purchased since the lifting of the American embargo on March 1, 1953.

The board exported 70,210,913 pounds of carcass beef, the equivalent of 112,410 cattle, to the United Kingdom at a cost of $31,384,000. For purposes of establishing the net loss on this operation to March 31, 1953, estimated revenue from the sale of New Zealand beef received in exchange for the beef shipped to the United Kingdom has been used as an offset in the amount of $8,377,595, this operation resulting in a loss of $23,006,405 in the beef account. As there are still some intergovernmental arrangements to be finalized in connection with a part of this program, some further minor adjustments may be necessary in this account, but these will be adjusted in a final audited statement and presented for approval when the board makes its recoup vote for 1953-54, at the end of the following fiscal year.

The board accepted 1,505,647 pounds of boneless beef in the buffer zone area which the board has had canned, and sold the bulk of this product to Greece with a small quantity being sold in the Canadian market. The net loss on this product was $588,988.92. Some 812 cattle were bought and resold live at approximately cost, and the board is still

holding 39 live cattle on community pasture in western Canada valued at $7,741.89 including all added costs up to March 31, 1953. The board has sold some 2,457,913 pounds of boneless beef prepared to American army specifications to the Department of National Defence for use in supplying Canadian and commonwealth troops in Korea. This operation has been carried out at no loss to the board. The board still holds 14,806,507 pounds of frozen carcass beef, 5,930,184 pounds of boneless manufacturing beef and 26,563 pounds of beef offals in Canadian storages.

This, I think, gives fairly complete statistical information concerning the operations of the board up to the present time.

Mr. Argue: Has the buying of beef from packing houses now ceased?

Mr. Abbott: Yes.

Mr. McLure: I take it, in respect of all these items, that we can get all the information required at a later time, when the main estimates are before the committee?

Mr. Abbott: That is right. I should have explained that these are our year-end supplementaries. With certain exceptions, no new question of policy is involved. It is simply a case where, in preparing the main estimates, we have not voted amounts sufficient fully to implement agreed policies. These sums are to provide for payments of the necessary amounts before the end of the year.

Item agreed to.

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

B—National Gallery of Canada—

562. Payment to the national gallery purchase account for the purpose of acquiring works of art, in conformity with section 8 of the National Gallery Act—further amount required, $276,000.

Mr. Browne (St. John's West): This supplementary vote seems to be out of all proportion to the amount voted last year. Could the Minister of Citizenship and Immigration give some explanation of the purchases made?

Mr. Harris: Hon. members will recall that about a year and a half ago we appointed a new board of trustees for the national gallery and passed an act incorporating the national gallery in a somewhat modern manner. The board of trustees took their duties seriously and after much study suggested to the government the purchase of three paintings which they thought should be added to the gallery at this time to indicate, shall I say, a little greater interest in the gallery than has been the case heretofore.

[Mr. Abbott.]

I think the committee will realize that in the past we have voted sums ranging from $80,000 to about $130,000 to cover the annual purchases of small items of art and the like. There happened to be an opportunity to acquire three rather valuable and distinguished acquisitions for the gallery and in view of the fact that the board was made up of prominent citizens who are on the civil side but nevertheless acquainted with the art world it was felt proper that we should meet their wishes at this time as an earnest of our desire to have the gallery really constitute a national body for the dissemination of art throughout the country.

Mr. Graydon: Before these paintings are purchased will the minister cast his talented eyes in art over them?

Mr. Harris: May I say by way of amendment my own eyes have been passed over the paintings.

Mr. Adamson: What are the pictures?

Mr. Browne (St. John's West): Who are the artists and what did the pictures cost?

Mr. Harris: I could give the names and the figures in private and they will be made known eventually, but at the moment I should like to ask the indulgence of the committee as the desire is not to disclose the names until they are really acquired.

Mr. Browne (St. John's West): They have not been acquired yet?

Mr. Harris: No.

Mr. Graydon: That would not be a secret order in council, would it?

Item agreed to.

DEPARTMENT OF DEFENCE PRODUCTION

B—Crown companies—

563. To provide for expenses incurred by Defence Construction (1951) Limited in procuring the construction of defence projects on behalf of the Department of National Defence—further amount required, $232,016.

Mr. Macdonnell (Greenwood): I should like to know more about this item. Although the amount of $232,016 may seem small when compared with the huge figures we have to deal with in connection with national defence, nevertheless I want to know a little more about it. First of all we have the Department of National Defence, then we have the Department of Defence Production, then we have Defence Construction Limited and then Central Mortgage and Housing Corporation. I understand that there are one or two additional items for Central Mortgage and Housing Corporation.

My understanding is that Defence Construction Limited has only a small staff, but that a large staff of engineers is carried in national defence and Central Mortgage and Housing Corporation. I would like to know why we have to have this additional $232,016?

Mr. Abbott: As my hon. friend is aware, an amount has already been voted for Defence Construction Limited to provide for expenses in connection with the construction of defence projects. Central Mortgage and Housing Corporation acts as agent for Defence Construction Limited and for the government in a great many of these things. This amount represents, first, an additional amount to cover administration and supervision on construction of four large projects by Central Mortgage and Housing Corporation which were done by Central Mortgage and Housing Corporation and which really reimburses that corporation and, secondly, for the building and maintenance program and capital assistance construction program from the Department of Defence Production.

There was originally voted under this vote $3,308,500, of which $3 million represented Central Mortgage and Housing Corporation management fees and $308,500 direct expenses of Defence Construction Limited. It is now estimated that a total of $3,640,516 will be required, of which extra there is some surplus in the direct expense vote of Defence Construction Limited, but $415,000 additional will be required for Central Mortgage and Housing Corporation. It is really an interdepartmental bookkeeping entry.

Mr. Macdonnell (Greenwood): So far as Central Mortgage and Housing Corporation goes, it is perhaps easy to understand because I think they do go out and undertake building operations, but as I understand it, Defence Construction Limited is only a small organization which does a certain amount of managerial work. I do not understand that they do any construction themselves.

Mr. Abbott: Quite correct.

Mr. Macdonnell (Greenwood): I do not understand that there are obligations they have to undertake and I would assume that all they have to look after is staff.

Mr. Abbott: That is correct.

Mr. Macdonnell (Greenwood): This item of $232,016 has nothing to do with Central Mortgage and Housing Corporation, as that comes later; this is all for Defence Construction Limited. I think we should receive more information as to just why this vote is necessary.

Mr. Abbott: I did my best to explain it. The original vote, which this is supplementing, was $3,308,000—that has already been voted—and it was estimated that of that $3 million would be required for the services of Central Mortgage and Housing Corporation. It is now estimated that Central Mortgage and Housing Corporation will require $2,415,000.

It was originally estimated that the direct expenses of Defence Construction Limited would be $308,500; it is now estimated that their direct expenses will be $423,644, the additional amount being made up as follows:

Salaries	$82,931
Travelling and living expenses	32,681
Telephones and telegraphs	4,301

And so on. I take it that my hon. friend is particularly interested in the increase in the direct expenses of Defence Construction Limited.

Mr. Macdonnell (Greenwood): If I have the figures correctly, they are $82,000, $32,000 and $4,000, making a total of $118,000 to cover the additional expenses of Defence Construction Limited. Am I correct?

Mr. Abbott: The figure I have is $115,144.

Mr. Macdonnell (Greenwood): As I understand it, these figures do not include anything for Central Mortgage and Housing Corporation.

Mr. Abbott: Perhaps the minister's parliamentary assistant could give more of a breakdown than I have. I think it includes something for Central Mortgage and Housing Corporation.

Mr. Dickey: There is an addition to the management fee which is paid by Defence Construction Limited to Central Mortgage and Housing Corporation for the management that they do for Defence Construction Limited of defence projects.

Mr. Macdonnell (Greenwood): That amount is what?

Mr. Dickey: The amount that I have just mentioned totals $415,000, but there are certain items that have been offset to reduce the amount that has to be voted as a further supplementary to $232,016.

Mr. Macdonnell (Greenwood): I am sorry, I must plead whatever amount of stupidity is necessary, but I still do not get this.

Mr. Abbott: Perhaps this item could stand and a little later the parliamentary assistant could make it clear to the hon. gentleman.

Mr. Macdonnell (Greenwood): I do not want to hold this up at all but up to the moment I do not know where I am.

Mr. Dickey: If I may say a general word, I think I may be able to resolve the hon. member's difficulty. He apparently does not quite appreciate the function of Defence Construction Limited.

Mr. Macdonnell (Greenwood): Oh, I think I do.

Mr. Dickey: He says it is a small organization with a small staff. That is true, but it is the corporation which enters into construction contracts in the defence construction program and it is the body that pays out all the money for those construction projects. In order to supervise those projects it has as an agent Central Mortgage and Housing Corporation and is required to pay quite considerable sums to that corporation for the services that it performs for Defence Construction Limited. As the minister indicated, the estimated amount to be paid to Central Mortgage and Housing Corporation in this fiscal year was $3,308,500.

Mr. Abbott: That is the total vote.

Mr. Dickey: I am sorry, that is the total vote for Defence Construction Limited. But there is an additional requirement of $232,016. There is required an additional management fee cost estimated by Central Mortgage and Housing Corporation at $415,000. There are direct expenses incurred by Defence Construction Limited resulting from additional functions assumed during the fiscal year as follows: Salaries—(a) administration of building and maintenance, thirteen positions, and capital assistance, seven positions, with respect to programs which were taken over from the Department of Defence Production in July, 1952. I might say there that the president of Defence Construction Limited appeared before the defence expenditure committee a day or so ago and gave very full evidence about what had taken place at that time. Then (b), services such as central registry, mail room, plans and specifications, formerly performed by Central Mortgage and Housing Corporation, ten positions, and assumed by Defence Construction (1951) Limited in July, 1952.

Mr. Macdonnell (Greenwood): How much is that?

Mr. Dickey: That is an additional $18,000; (c) administration of Cold Lake project, twelve positions, taken over from Central Mortgage and Housing Corporation in February, 1953, $12,000. Against those expenses there are recoveries under these headings. There are quite a few of them. There are recoveries under furniture and fixtures—

Mr. Macdonnell (Greenwood): Give us the total.

[Mr. Macdonnell (Greenwood).]

Mr. Abbott: If my hon. friend would like to do a little arithmetic I can give him the amounts by which the estimates will be underspent. There is $1,799 on furniture and fixtures; $29,928—

Mr. Macdonnell (Greenwood): It is the total I wanted.

Mr. Abbott: —professional and special services, $180,000 on the $280,000 paid by Defence Construction Limited to the United States government. It is estimated that $180,000 of that amount will be refunded. Then there is $18,128 being the amount refunded by Central Mortgage and Housing Corporation. These are offsets against the gross additional requirement of $530,000 odd, making a net of $232,016.

Mr. Macdonnell (Greenwood): As far as I am concerned, this is a kaleidoscope. We are getting new figures every second. I thought I was getting somewhere because the parliamentary assistant told me they needed $415,000 more.

Mr. Dickey: That was additional management fee and this other is offset.

Mr. Macdonnell (Greenwood): I thought I understood that was additional. Then there was $30,000 more in additional direct expenses and another item making $445,000. I think I am getting somewhere now.

Mr. Dickey: No.

Mr. Macdonnell (Greenwood): Then I thought the next figure he gave me was recoveries of $429,000, and if my arithmetic is good that means we have a spread of $16,000. I am sorry, but now that we have embarked on this I want to know where that $232,000 is. I have not found it. I suggest it would be sensible—

Mr. Abbott: It is just a matter of arithmetic.

Mr. Macdonnell (Greenwood): I know it is but you and the parliamentary assistant have the figures there.

Mr. Abbott: Perhaps this will condense it a little more. Here is the total vote of the supplementary: Central Mortgage and Housing Corporation management fee, $415,000 additional requirement.

Mr. Macdonnell (Greenwood): Check.

Mr. Abbott: Defence Construction Limited, direct expense, additional amount required, $115,144.

Mr. Graydon: Check.

Mr. Abbott: Against these totals there are the following amounts estimated as not being required in the primaries already voted: $1,799 underspent on furniture and fixtures;

$29,928 on professional and special services; $180,000 with respect to Canusad operations. That is a refund from the United States government. Then there is an amount refunded by Central Mortgage and Housing Corporation, July to March, $18,128. If my hon. friend will add up those groups—

Mr. Macdonnell (Greenwood): You give me the total.

Mr. Abbott: —and subtract I think he will find the additional amount which I need is $232,016 over and above the amount already voted of $3,308,500.

Mr. Macdonnell (Greenwood): Will the minister give me first the total of these offset items, the ones he has just read? I will take his total.

Mr. Abbott: I will be delighted to do that. I will add it up.

Mr. Graydon: Abbott's ready reckoning.

Mr. Abbott: Yes. I am sorry I have not got my slide rule here.

Mr. Coldwell: I thought the hon. member for Greenwood could add.

Mr. Abbott: I thought he could too.

Mr. Graydon: You add on so much that somebody has to subtract.

Mr. Abbott: I add it up to $228,855, but I have not checked my addition.

Mr. Macdonnell (Greenwood): Then I think you are cheating yourself. I did not want to do that addition. I wanted the minister to take the responsibility for that. But I now have the figures with respect to the two items he gave me, $415,000 and $115,000. That makes $530,000.

Mr. Abbott: There is $100,000 for special reserve.

Mr. Macdonnell (Greenwood): That is a new figure. We have not had that before. It is an additional credit.

An hon. Member: That is one Dickey forgot.

Mr. Abbott: No, perhaps I forgot about it.

Mr. Knowles: This seems to be all dollars and no sense.

Mr. Macdonnell (Greenwood): I am always ready to submit to the minister but I do not think he has it figured out yet.

Mr. Abbott: We will do a little more addition and see what we can get.

Mr. Graydon: Could the house be quiet while this is going on? You cannot figure out things when there is a noise.

Mr. Hodgson: Send for Sinnott.

Mr. Abbott: I do not balance either.

Mr. Macdonnell (Greenwood): Mr. Chairman, I think I have made the best suggestion yet, that the item should stand so that the figuring can be done later. It will save a lot of time. We are going to get that figure.

Mr. Abbott: The parliamentary assistant is going to read you some more figures.

The Chairman: Shall this item stand until later?

Mr. Dickey: I think this will clear it up. If the hon. member will take these figures, I think he will find they are correct, if he will just let me read them. There was an additional management fee and the cost estimated by Central Mortgage and Housing Corporation is $415,000. Then, there are direct expenses. I gave the hon. member the three headings totalling $82,931.

Mr. Macdonnell (Greenwood): That is the total.

Mr. Dickey: That is the total of the three headings that I read. There are travelling and living expenses of $32,681; telephones and telegraphs, $4,301; additional work referred to under previous headings accounts for increases in items such as building and maintenance, $9,000; sundry expenses in connection with the Cold Lake project, $6,000; rent for head office, etc., $26,958, which gives a total of $561,871.

Mr. Macdonnell (Greenwood): Giving the parliamentary assistant the benefit of the doubt, we will work on that figure.

Mr. Dickey: Now, the recoveries that have been referred to by the Minister of Finance are as follows: Recoveries on furniture and fixtures, $1,799; professional and special services, $29,928; United States government recovery of fees, $180,000, plus $100,000 from the special reserve. This totals $280,000.

Mr. Macdonnell (Greenwood): What is the special reserve?

Mr. Dickey: That is a reserve carried against that vote which is now put into the vote in order to reduce the amount required for this supplementary estimate.

Mr. Macdonnell (Greenwood): Is that a surplus?

Mr. Dickey: No, it is a special reserve carried against the necessity of charging against this particular vote. Received from Central Mortgage and Housing Corporation an amount of $18,128, being payment for special services no longer performed by Central Mortgage and Housing Corporation, included in the overhead paid to the corporation. The total for these estimates is $329,855 which, when

subtracted from the total amount required of $561,871, gives the amount of this vote, $232,016.

Mr. Macdonnell (Greenwood): I think we can now give the parliamentary assistant first prize for addition, but not first prize for timing.

Mr. Harkness: If I understand this matter correctly, this vote is necessary because the cost of supervision on major projects was in the nature of $458,000 more than it was estimated it would be; is that correct?

Mr. Dickey: $415,000.

Mr. Harkness: Leaving aside the offsetting items, the vote is necessary because the supervisory services have been much more extensive than was expected.

Mr. Abbott: Construction has gone ahead more quickly.

Mr. Harkness: Is the basic reason why these supervisory costs are so much more than was estimated because a considerable number of cost-plus contracts were undertaken which meant a great deal more supervision than would be necessary otherwise?

Mr. Dickey: The answer is no, Mr. Chairman.

Mr. Higgins: Is it under this item that the defence projects are constructed in the different provinces? Is this the item that takes care of that?

Mr. Dickey: That is right.

Mr. Higgins: In what provinces are there defence projects being constructed?

Mr. Dickey: They are in all ten provinces.

Mr. Higgins: What is in Newfoundland?

Mr. Dickey: I have not the details of the projects under construction in Newfoundland, but there are projects in all ten provinces.

Mr. Harkness: The parliamentary assistant says that this extra supervisory cost was not due to cost-plus contracts. I believe the Minister of Finance said it was due to the fact that construction had gone ahead more rapidly than they expected. I cannot see how that is really the case, because the amount of money we voted for construction has not been exceeded. We are not being asked to vote extra money for construction, either under defence or under defence production. It would appear, therefore, that the minister's reason for this extra amount—this very large amount—for supervisory costs is not explained. I should like to know what the explanation is for this very large increase in supervisory costs.

Mr. Dickey: The explanation quite briefly, Mr. Chairman, is that Central Mortgage and Housing performed on the site supervision for all defence construction contracts. When the main estimates for this work were prepared some 16 to 18 months ago, Central Mortgage and Housing estimated that their charge for these services would be a certain amount. In a very large program of this kind there are many factors which it is difficult to forecast with absolute certainty. The experience has been that there is an additional amount required by Central Mortgage and Housing to meet their expenses for these supervisory activities, and they have had to go to their employer, Defence Construction Limited, and indicate that they require additional money.

Now, that is the explanation. It is a combination of factors which I do not think could possibly be all assessed by the hon. member or by myself. It is the result of the defence program and the work that Central Mortgage and Housing Corporation is doing.

Mr. Harkness: As I understand the explanation now, it has been due largely to poor estimating as to what the cost of this supervision would be. I wonder if the minister or the parliamentary assistant could tell us how much of this $415,000 was actually expended for cost-plus contracts.

Mr. Dickey: I do not think the hon. member is quite correct in saying that this is the result of poor estimating. It is the result of a number of factors that could not possibly be foreseen at the time the estimates were prepared. These programs are very complex, and become more complex sometimes as they go along.

I do not think it is possible, certainly we have not got the figures here, to indicate the impact of any cost-plus contracts on this particular item. All I can tell the hon. member is that the number of cost-plus contracts is less than 2 per cent of the entire program, and the value of those contracts is something less than 8 per cent of the entire program. I think that the additional costs would bear some relationship at least to those figures.

Mr. Harkness: I am sorry but I must take issue with the total of the cost-plus contracts and the percentages which the assistant has given, because those figures do not jibe with what we were given in the defence expenditure committee. The figure we were given there is 3·8 per cent, and that was only for the non-security defence projects. All of the security defence projects were on a cost-plus basis.

Mr. Dickey: No, the figure given to the defence expenditure committee was the

figure I have quoted, less than 2 per cent. It is true, as my hon. friend points out, that the strict security projects are on a cost-plus basis, and they are on a cost-plus basis for the simple reason that they are strict security projects. They are not included in the figures I have given.

Mr. Harkness: I think the minister is giving the percentage of the number of contracts, but he is not giving the amount of dollars involved. The percentage of dollars involved in the cost-plus contracts is very much greater.

Mr. Dickey: I gave that. Excluding the security projects, it is under 8 per cent of the total program.

Mr. Harkness: Now we have gone from 2 per cent to 8 per cent.

Mr. McIlraith: No, you have not.

Mr. Higgins: Reverting to the question I asked the parliamentary assistant a moment ago, the figures I am trying to get are those relating to plants established for defence projects, apart from defence installations. Have you built factories?

Mr. Dickey: There are projects of construction under the capital assistance program in various provinces to meet production requirements but nothing, I think, under this vote.

Mr. Higgins: Nothing under this item?

Mr. Dickey: No.

Mr. Green: A few days ago figures were produced by Defence Construction Limited showing the amount of defence construction contracts awarded from November 22, 1950.

Mr. Dickey: Was that in the committee on defence expenditure?

Mr. Green: I do not know. I have a figure here—

The Chairman: So that the hon. member may understand the situation, may I point out that if these figures were produced before the committee on defence expenditure, unless they were reported in the house they cannot be used.

Mr. Green: I believe that the figures have been published.

Mr. Harkness: They appeared in the press.

Mr. Dickey: If I may do so, I would suggest that the president of Defence Construction Limited is appearing at the present time before the defence expenditure committee and that I am sure any question that might be asked relating to evidence before that committee could best be dealt with there.

Mr. Green: I do not happen to be on that committee, and these figures were published in the daily press. All that I wanted to ask the parliamentary assistant is this. The figures cover the period from November 22, 1950, to December 31, 1952, and they show a total of $401,160,000. Then there is a breakdown into the expenditures in each province. The expenditures in British Columbia are about 5 per cent of that figure. They are given as $20,922,000. Can the parliamentary assistant explain why that figure is so low? It seems to be greatly out of line with the requirements in a coastal province where there are extensive defence installations.

Mr. Dickey: That question was asked in the defence expenditure committee the other day, and the best thing I can do is to repeat the answer that was given, namely that construction of defence projects is carried out on instructions from the Department of National Defence. The Department of National Defence decides where and when they want construction done, and they make those decisions on the grounds of military necessity.

Mr. Gillis: Can the parliamentary assistant give us a breakdown province by province? It appears that the hon. member for Vancouver-Quadra has a document that gives him a breakdown as to the amount of money that has been spent in each province.

Mr. Dickey: The document which the hon. member for Vancouver-Quadra has in his hand was a return that was tabled in the defence expenditure committee. The hon. member can certainly get a copy. I shall be delighted to send him a copy.

Mr. Gillis: Thank you.

Item agreed to.

DEPARTMENT OF EXTERNAL AFFAIRS

Terminable services—

565. Contribution to the United Nations refugee emergency fund, $100,000.

Mr. Graydon: I desire to make one inquiry only in connection with item 565. I may say that item 566 was dealt with yesterday in the external affairs committee and I think the explanation of that will be found there. Just what is this additional contribution to the United Nations refugee emergency fund?

Mr. Abbott: As the committee may recall, the United Nations refugee emergency fund was established under authority of a resolution passed at the sixth session of the United Nations general assembly. The high commissioner for refugees was appointed by the United Nations to provide international pro-

tection for refugees upon the termination of the international refugee organization. Because of the serious plight of refugee groups in various areas, the United Nations high commissioner has had to concern himself with the problem of care and maintenance, and it is for this purpose that he has sought contributions to the emergency fund.

The objective of this fund was set at $3 million. Cabinet approved a Canadian contribution of $100,000 to this fund on Thursday, February 12, 1953, and recommended that the necessary provision be made in the final supplementary estimates for the fiscal year 1952-53.

As I understand it, it is really to provide for a continuation and clean-up of the work of the international refugee organization.

Mr. Graydon: Did any of these nations behind the iron curtain give us anything in the way of a contribution to this extremely valuable project?

Mr. Abbott: My understanding is that they did not.

Mr. Green: Will there be a vote for this project in the coming fiscal year?

Mr. Abbott: I cannot recall offhand, but I am inclined to think that there is. However, I would have to verify that. In any case, it would probably be a supplementary estimate, as is the case this year. It would depend on circumstances.

Item agreed to.

Colombo plan—

566. Notwithstanding section 35 of the Financial Administration Act to authorize the establishment of a special account in the consolidated revenue fund to be known as the Colombo plan fund to which shall be credited, on or after March 31, 1953, the unexpended balances on March 31, 1953, of votes 113 and 114 of the Appropriation Act, No. 4, 1952 (the amounts so credited to be a charge to those votes) and any amounts provided by parliament for the purposes of the Colombo plan; and to provide for payments out of the Colombo plan fund, in the current and subsequent fiscal years, (a) for grants and loans to governments of countries in south and south-east Asia to assist in their economic development, and for special administrative expenses in connection therewith; and (b) for technical co-operation with those countries including the engagement of services of technical and professional experts in accordance with regulations established by the governor in council, the persons so engaged to be contractors and not servants of the crown, $1.

Mr. Knowles: Will the minister explain this item?

Mr. Abbott: Yes. The purpose of this vote is to enable the fund which has been voted for the Colombo plan to be carried over and to be utilized in succeeding fiscal years. As the committee knows, it has not been possible to expend usefully all the money voted during the current year; and because of the long-range nature of the purposes for which the Colombo plan has been developed, it seemed desirable that provision should be made that funds of this kind, when voted, should not lapse at the end of the current fiscal year. That is the purpose of this particular vote. I am sure it is a case in which no question can be raised with regard to the use of a so-called dollar item in order to make this provision. This fund will be analogous—but not with the same purposes—to the Ottawa improvement fund. The moneys will be voted and they will be there when the bills come in to be paid and when the projects are approved.

Mr. Knowles: Can the minister say how much will be left over at the end of this fiscal year to put into the fund?

Mr. Abbott: I am not sure that I have readily available here how much would otherwise lapse, but I believe there is a fairly substantial amount.

Mr. Knowles: It will also be possible, will it not, for us to get a report on the operation of this fund after it has been established?

Mr. Abbott: Yes. I had assumed that when the corresponding item in the main estimates is called, the Secretary of State for External Affairs would probably want to make a fairly complete statement as to the progress which was made. The sole purpose of this item is to make sure that the amount we voted in our main estimates last year will not lapse on March 31.

Mr. Browne (St. John's West): Does that apply to the previous year?

Mr. Abbott: It covers both years. Last year we transferred it to the Canadian Commercial Corporation, as may be remembered.

Item agreed to.

DEPARTMENT OF FINANCE

General administration—

567. Departmental administration—further amount required for the purchase of books and other reference material for the departmental library, $4,000.

Mr. Abbott: I should like to say just a word on this item. This additional amount in item 567 is to enable the department to purchase the library of the late Dr. Clark. I do not know that the purchase price will be exactly that amount, but Dr. Clark had an extremely valuable technical library consisting of publications and of books. The major part of those books and periodicals going

back a great many years will be of great value to the departmental library in the Department of Finance. While we have a sufficient amount in our general vote to enable us to buy this library, I felt that in the circumstances it would be more appropriate for me to put a special item in the supplementary estimates in order to call it to the attention of the house. I felt sure it would carry the warm support of all hon. members.

Mr. Macdonnell (Greenwood): Certainly, speaking for myself—and I think for others—I would say that this seems to be a most appropriate thing and that the library will have a special value because of the association carried with it.

Mr. Lennard: I certainly do not object to this item but I do not know why it is stated in the details that it is for office stationery, supplies and equipment. It makes a farce of details of this kind.

Mr. Abbott: That happens to be the primary vote under which items of this kind are put. The purchase of books and periodicals comes under that item and that is why I made a special point of explaining that the particular types of books that were being acquired were the ones I have mentioned.

Item agreed to.

Payments to municipalities—

Grants to municipalities in lieu of taxes on federal property—

568. To provide for payments to municipalities in accordance with the Municipal Grants Act; and to provide for payments to municipalities under order in council of July 19, 1950, P.C. 3456, in respect of the cost of medical and hospital services and supplies furnished to federal employees and other persons specified therein—further amount required including authority to regard the admiralty properties in the city of St. John's, Newfoundland, as federal property notwithstanding that formal transfer of administration has not been completed, $153,856.

Mr. Pearkes: Does this include any addition to the grant to the municipality of Esquimalt?

Mr. Abbott: It does.

Mr. Pearkes: I hoped my remarks made during the budget debate would have softened the minister.

Mr. Abbott: I know my hon. friend will be happy to learn that the town of Esquimalt will receive $42,114, which I am told is satisfactory.

Mr. Browne (St. John's West): I notice this refers to the admiralty property in St. John's, Newfoundland. How much will St. John's receive as a result of this change which was made?

Mr. Abbott: There is a payment to St. John's arising out of the taking over of the admiralty property—I think that is what my hon. friend refers to—of $48,184. The amount required there will be covering arrears as well, of course, and local improvement grants.

Mr. Brooks: What qualification is necessary for a municipality to receive a grant?

Mr. Abbott: I do not suppose my hon. friend wants me to endeavour from memory to explain the rather complicated formula on which we make these grants to municipalities. Generally speaking, in order to obtain any grant under the general section the value of federal property in the municipality must exceed 4 per cent of the total assessed property in the municipality, and then 75 per cent of the excess is eligible for tax grant on the usual basis.

In addition we pay local improvement taxes, and then in addition where property is acquired from a municipality there is a tapering down transitional grant under a section of the Municipal Grants Act which permits payment of municipal taxes on a reducing scale over a period of a certain number of years, I think it is three or four years, and then it goes into the general fund.

Mr. Brooks: What about crown companies?

Mr. Abbott: Crown companies are handled on a separate basis. All crown companies are expected to make arrangements with the municipality for the payment of taxes.

Mr. Brooks: I was thinking of my own town of Sussex. Do they get anything at all from this fund? Sussex, New Brunswick, has a military field and a number of other government properties.

Mr. Abbott: At the present time Sussex does not receive a grant, no.

Mr. Graydon: I want to take but a moment of the committee's time in connection with this item. I have come to the very strong conviction with respect to the question of the relationship between the federal government and municipalities, particularly where there is a concentration of federal properties in that municipality, that some new arrangements should be made with respect to the payment of taxes by the federal authorities. That fact has been largely borne in upon some of us because Toronto township particularly has been experiencing considerable financial difficulties which are perhaps to be expected in the changing conditions that they find there. It seems to me that at the present time there is not very much justification really for the federal government not being

a taxpayer in the municipal field the same as anybody else. I know the minister has had arguments from time to time that seemed convincing at that time, but when they are applied practically I do not think they are very convincing at all.

I make this appeal to the minister and suggest to him that there should be some change in the legislation governing the relationship of the federal and municipal jurisdictions. You see what is happening in some of these places. Your department is charging the municipalities excise taxes on what they buy and at the same time you are not paying your share of taxes in the municipal field. I know that is a bald statement and perhaps oversimplifies the problem, and I have no desire to do that. I do want to point out to the minister, however, that in our own province—and perhaps it applies to other provinces as well—they have made themselves available for taxation by the municipalities. I can remember a year ago, when that was done in Ontario by act of the legislature, asking the minister if we were going to do that in the federal field, and the minister said, no, it was not the policy of the government at that time to do it.

I do not want to be unduly critical in this thing, but I am convinced in my own mind that it is the wrong principle to follow, and I have taken the opportunity of this discussion at this time to impress it again upon the minister. I think the whole thing should be reviewed, and there should be at least some classification, if you like, of federal property. It may be that there are some federal properties, although none come to my mind, that should not be taxed by the municipalities. Perhaps there are some instances, but the minister would know more about that than I do. The municipalities have to bear such a tremendous load now that in many instances they are unable to do it. Some review should be made of the legislation, and I ask the minister at this time to do it. I do not want to take up any more of the time of the committee discussing this matter.

Mr. Abbott: I thank my hon. friend. As he knows, the present system was suggested to the house only after a great deal of study. It represented the best judgment we could exercise as to what should be done. I call the attention of the committee to the fact that it is the first time in the history of Canada since confederation that any federal government has attempted to pay anything in the way of municipal taxes to municipalities.

Some hon. Members: No.

[Mr. Graydon.]

Mr. Abbott: No; no preceding government has ever attempted to do it. It was always stoutly resisted. We did work it out. It may be possible that the formula can be improved, but nevertheless it was arrived at after a great deal of careful study and, in my present view, represented a very great advance over what had existed before, and is reasonably fair. I do not suggest it is the last word, and I think perhaps we may continue to examine it; but it has provided a considerable measure of assistance to a great many municipalities where there was excessive concentration of federal property. But we can look into it again.

Mr. Tustin: I should like to say to the minister that it was a step in the right direction, but I should also like to urge upon him the necessity of giving further consideration to this matter. I have in mind a very small municipality in my own constituency where the Department of National Defence expropriated a good part of the land for a bombing range. We were very glad to have that bombing range, but it made it extremely difficult for this small township to carry on. There is one other thing I should add to that. There are very many heavy vehicles travelling over the roads in that small township, and the township had to spend a considerable amount of money to try to keep up the roads. The Department of National Defence did make some small grant to that municipality to help it to maintain the roads. What I wanted to say particularly this afternoon was that the minister should give further consideration to this matter and endeavour to give some assistance to the smaller municipalities because of the fact that years ago the dominion government did not own nearly so much property as it owns today, and it is making it more difficult each year for some of the municipalities to carry on.

Mr. Abbott: I shall be very glad to do that.

Item agreed to.

Contingencies and miscellaneous—

569. To authorize the write-off to consolidated deficit account of costs incurred in 1946 in engraving blank bonds in anticipation of a loan which did not materialize, $68,419.

Mr. Knowles: Will the minister give the best explanation he can of this item? This is an amount of $68,419, and makes reference to the engraving of blank bonds. What kind of paper was used, and what kind of engraving?

Mr. Abbott: After the close of the ninth victory loan in 1945, but before the time of Canada savings bonds, certain bonds were prepared in blank, in anticipation of a further

victory loan in 1946. As my hon. friend will appreciate, these victory loans were in substantial amounts. Engraved bonds, with all the security precautions, had to be prepared; and the Bank of Canada, as the fiscal agent of the government, arranged with the bank note companies to prepare the necessary bonds for a tenth victory loan issue. It was then decided that that would not be required. Those bonds have been held ever since. They are of no use for further bond issues; and this item is simply to write off that item in the books.

Mr. Knowles: Could they not be sold as wallpaper?

Mr. Abbott: I dare say.

Mr. Macdonnell (Greenwood): When this item was called, I was on my feet to ask a further question concerning item 568. I thought the hon. member who then spoke was going to make some further comment on that item. I wish to ask the minister a broader question which arises in connection with the municipal situation. This is a matter that was dealt with by my colleague, the hon. member for Ontario.

My question is this: Recognizing the difficulties with which municipalities are faced, quite apart from the special situation of government property which does not pay taxes, and which I shall not take time to discuss now, by reason of the fact that their sources of revenue have not expanded with their obligations, would the minister say a word as to whether the government feels that is a matter which would be a proper subject for consideration and discussion in the near future? Does he feel the whole question, that affecting the plight of the municipalities, is one which ought to be gone into?

Mr. Abbott: I am not quite sure what my hon. friend wishes me to say. It is clear that all three levels of government—federal, provincial and local—have problems in raising the necessary money to defray the costs of the services their people demand. The municipalities undoubtedly have difficulty. I sympathize with the councils of municipalities who have to raise these moneys, because I know something of the problem, myself. Having to raise funds necessary to pay federal expenditures, I have known the problem for a long time.

The municipalities are the creatures of the provinces, as we know. They can obtain from the provinces such taxing powers as those provinces see fit to confer upon them within the constitutional limits imposed by the provinces. I have always felt it was improper that there should be direct financial discussion between the federal government and the municipalities because, as I have said, the municipalities derive their power from and are the creatures of the provinces. Any discussion as to financial requirements of municipalities must, in the first and every instance, be directed to the legislative body which brings them into existence. Then in the discussions which take place from time to time between the provincial and federal governments it is quite proper of course to take into account all those discussions concerning the requirements of the junior taxing bodies in the provinces.

But, other than that, I do not think it would be proper for me to express any opinion. I would feel strongly that there should not be any general discussion as to the division of taxing authority between federal and municipal authorities.

Mr. Knowles: Speaking again with respect to item 569, may I ask how much money there is in this consolidated deficit account?

Mr. Abbott: I am afraid I would have to take that question as notice.

Mr. Low: It is a minus quantity.

Mr. Abbott: I can assure my hon. friend it is not carried as an asset.

Item agreed to.

The Chairman: Item 570.

Mr. Macdonnell (Greenwood): I suggest that we take items 570 and 571 together.

Some hon. Members: Agreed.

570. To provide for a government contribution to the superannuation fund in an amount equal to the estimated current and arrears payments of individual contributors in the previous fiscal year —further amount required, $532,715.

571. To authorize and provide for a further special government contribution to reduce the unamortized portion of the civil service superannuation account liability, $25,000,000.

Mr. Macdonnell (Greenwood): Would the minister tell us exactly where the fund stands. Is the amount of $532,715 actuarially correct? Where does the contribution of $25 million leave the actuarial position?

Mr. Abbott: The $532,715 is required for the current year contribution, and really represents an underestimation in the main estimates. The additional amount required is due primarily to some salary increases, and more particularly to the fact that there are a number of civil servants who have been given permanent status during the year, and therefore a larger amount is required for the current government contribution.

Then, as to the status of the fund itself, perhaps the committee would like me to give a brief review of the situation as it is at the moment. At December 31, 1947, the total

estimated liability was $341,149,000 and the balance in the accounts amounted to $89,544,000, leaving a deficit of $251,605,000. By December 31, 1951, the deficit had increased to an estimated $312,000,000, even after a special contribution in the amount of $75,000,000 had been made.

This deficit position was carefully studied in order to determine what should be done to reduce it and to prevent the creation of a new one. The deficit had been caused almost entirely by two main factors. First, the government had only matched contributions of employees for their current service and not those for their prior service and, secondly, since the contribution rates are calculated on the basis of a normal progression up the established salary scales, when there is a general salary increase, the contributions already made are actually inadequate in relation to the larger pension which will be received.

I indicated that the government proposed to continue the policy initiated at the close of 1950-51 to wipe out the accumulated deficit by means of bulk contributions over a reasonable period, and in order that the causes of that deficit would not continue to have effect I indicated my intention to show on the government balance sheet the full estimated actuarial liability of the superannuation fund at the end of each fiscal year and to credit to the account each year thereafter an amount equal to interest reckoned at 4 per cent calculated on the amount of the full actuarial liability of the fund rather than on the actual balance in the fund.

In the final supplementary estimates last year, I included an item to make up for the portion of the deficit related to past service contributions which had not been matched. A further item was included in those estimates to match the increase in the net liability of the fund which was created by the general salary increase, effective December 1, 1951, and finally a third item in those estimates constituted a bulk contribution to further write down the existing deficit. These contributions reduced the outstanding deficit in the account to $214,000,000 as of March 31, 1952.

Reference to the public accounts for 1951-52 will indicate quite clearly to hon. members that the policy which I announced last year at this time is being followed.

Item 571 in the estimates now before us is simply a further bulk contribution designed to reduce the outstanding deficit in the account from $214,000,000 to $189,000,000.

[Mr. Abbott.]

Mr. Macdonnell (Greenwood): How does the position compare with that of two or three years ago?

Mr. Abbott: The high was $312,000,000.

Items agreed to.

DEPARTMENT OF FISHERIES

The Chairman: Shall we take items 573, 574 and 575 together?

Some hon. Members: Agreed.

Fish culture and development branch—

573. Construction or acquisition of buildings, works, land and new equipment—further amount required, $350,000.

Fisheries research board of Canada—

574. Headquarters administration—further amount required, $8,000.

Special—

575. To provide for assistance in the construction of bait freezing and storage facilities, subject to the approval of the governor in council—further amount required, $10,000.

Mr. Browne (St. John's West): Would the minister make a statement?

Hon. James Sinclair (Minister of Fisheries): The first item has to do with a slide on the Babine river, which is one of the tributaries of the Skeena and one of the important salmon streams in the west. A little over a year ago the salmon were noticed falling back in the river. An aeroplane was flown over and it was found that quite an amount of the bank had slid in and choked the river, something similar to what happened at Hell's Gate in 1913. Last summer the department built by day labour a 60-mile road into the slide and last fall we let a contract for $498,000 to the General Construction Company, who were the lowest tenderers, for the removal of the slide before April 30, 1953. This is the time of low water when the work can be done and when no salmon are passing. The amount required in this fiscal year toward that contract is the $350,000 covered by this item.

Mr. Green: Will the work be finished on time?

Mr. Sinclair: The contract is to be finished by April 30 and it contains a penalty clause for every day thereafter. We are quite sure that it will be finished. The work is going very well according to the reports of our own engineers.

Items agreed to.

Fisheries research board of Canada—

574. Headquarters administration—further amount required, $8,000.

Mr. Higgins: Has any decision been arrived at with respect to the headquarters of the fisheries research board in the east?

Mr. Sinclair: The reason for this extra $8,000 is the decision which was taken by the fisheries research board of Canada to bring their publications up to date. The amount of research in the laboratories has been outrunning the facilities to publish the results of their experiments and the fishing industry is most anxious that these be made available. Last year we had a special item of $14,200 for the publication of the scientific research by research stations and experimental stations. That work has gone out and this extra item will enable them to bring their publications up to date.

Mr. Higgins: Has there been any decision about the headquarters in the east?

Mr. Sinclair: The question of establishing headquarters of the new northwest Atlantic fisheries commission will be made by the commission, which is composed of representatives of ten governments. Two towns in eastern Canada and one United States town are being considered.

Mr. Browne (St. John's West): When will the report of the fisheries research board be out?

Mr. Sinclair: I must confess that I do not know whether it is out or not. It should be out very shortly because they had their annual meeting over a month ago.

Item agreed to.

Special—

575. To provide for assistance in the construction of bait freezing and storage facilities, subject to the approval of the governor in council—further amount required, $10,000.

Mr. Browne (St. John's West): Could we have an explanation of this item?

Mr. Sinclair: The availability of supplies of bait at convenient centres has long been one of the difficulties facing the fishing industry and different plans to overcome it have been tried. Order in council P.C. 3451 of August 3, 1948, established regulations for providing assistance in the construction of bait freezing and storage facilities. These provide for assistance in the provision, maintenance and operation of bait freezing and storage facilities up to a maximum of $10,000 in each case.

In the main estimates last year $30,000 was provided for the three applications which it was expected would be processed that year. Actually a fourth bait depot at Jordan Bay, Yarmouth county, Nova Scotia, is being considered and this extra $10,000 is for that purpose. There is a fifth application presently being studied by the department.

Mr. Browne (St. John's West): Where are they?

Mr. Sinclair: Two in Nova Scotia and three in Newfoundland.

Mr. Browne (St. John's West): Where are they in Newfoundland?

Mr. Sinclair: East Coast Fisheries Limited, Colinet island, St. Mary's Bay, Newfoundland; East Coast Fisheries Limited, branch, St. Mary's Bay, Newfoundland; Fishery Products Limited, Trepassey Bay, Newfoundland. No decision has been arrived at on these three as yet.

Item agreed to.

GOVERNOR GENERAL AND LIEUTENANT GOVERNORS

576. Office of the secretary to the Governor General—further amount required, $50,000.

Mr. Lennard: I should like to have a little more information on this. Why was not a similar amount required in the years 1946 to 1953?

Mr. Abbott: Perhaps my hon. friend will allow this item to stand and I will ask the Prime Minister to come in. It is to bring last year's arrangements in line. As my hon. friend will recall, the present Governor General is not subject to income tax on his income.

Mr. Lennard: I might ask at the same time—

Mr. Abbott: Shall we allow the item to stand?

Mr. Lennard: Was not the previous Governor General subject to income tax in his own country?

Mr. Abbott: I believe not.

Mr. Lennard: I would like to know.

Mr. Abbott: Not with respect to his Canadian income.

Mr. Knowles: Will the Minister of Finance make it clear that the Governor General is free from income tax with respect to his income from the government?

Mr. Abbott: I believe that is correct, but I am speaking from memory.

Mr. Knowles: He pays income tax on his private income, but not on his salary of approximately $50,000.

Mr. Abbott: Ten thousand pounds.

Mr. Knowles: His salary of $48,667 is not subject to income tax.

Mr. Abbott: I shall send for the Prime Minister. I might say that there is a similar item in the main estimates which will come forward, so perhaps we could pass this.

Mr. Knowles: The minister says that there is a similar item in the main estimates but—

Mr. Abbott: Let us not have a discussion on it in the absence of the Prime Minister.

Item stands.

DEPARTMENT OF NATIONAL DEFENCE

Pensions and other benefits—

589. To authorize in respect of members of the Royal Canadian Air Force on leave without pay and serving as instructors with civilian training organizations operating under the British commonwealth air training plan who were killed, payment to their dependents of amounts equal to the amounts such dependents would have received under the Pension Act, as amended, had such service as instructors been military service in the armed forces of Canada, less the value of any benefits received by such dependents under insurance contracts which were effected on the lives of such members of the Royal Canadian Air Force by or at the expense of the civilian organizations—further amount required, $1,224.

Mr. Abbott: Perhaps I might give a word of explanation about this item. When we amend the scale of pensions under the Pension Act there is one group of Canadian airmen who were on loan to the civilian operated schools who do not qualify for pensions under the act and we have to introduce a supplementary item to bring their pensions up to the same scale. Next year an appropriate provision will be made in the main estimates.

Mr. Pearkes: Could you not amend the Pension Act?

Mr. Abbott: I have wondered about that.

Item agreed to.

NATIONAL RESEARCH COUNCIL AND ATOMIC ENERGY CONTROL BOARD

National research council—

590. Construction or acquisition of buildings, works, land and new equipment—further amounted required, $725,450.

Mr. Green: Could we have an explanation of this item?

Mr. Abbott: When the main estimates for 1952-53 were being prepared, a very careful review was made of the estimated requirements for the various construction projects. After due consideration of the nature of this project and comparison with expenditures made in previous years on other construction projects it did not appear that expenditures on this project would exceed $1,300,000 for this fiscal year.

The progress made on this project throughout the year has been outstanding. Progress payments for the first seven months of this fiscal year amounted to $1,199,984. Although the monthly progress payments for the remainder of the fiscal year will be on a lower scale, it is quite evident that the amount provided in the main estimates will not be sufficient to meet requirements for this project. A number of transfers of anticipated savings were made between allotments in this vote to provide funds to continue the progress payments. Finally it was found necessary to request authorization to make temporary loans from other projects where liquidation of encumbrances were not anticipated until near the end of the fiscal year, in order to avoid work stoppage on this project.

Mr. Green: What project is this?

Mr. Abbott: There are various projects for the electrical engineering and radio building of the national research council at the large project out on the Montreal road. The progress of work has been much more rapid than was expected when we prepared the estimates a little over a year ago.

Item agreed to.

Atomic energy control board—

Atomic energy project (now Atomic Energy of Canada Limited)—

591. Operation and maintenance—further amount required, $310,000.

Mr. Green: Could I have a brief explanation of this and the following item?

Mr. Abbott: The main item here is the additional cost involved in connection with the accident. You know the difficulty with the one pile at Chalk River. This is the additional expense which will be incurred in this year in connection with repairs to that first pile.

Mr. Brooks: What is the total amount?

Mr. Abbott: We are asking for an extra $310,000. The original vote was $7,089,371.

Mr. Brooks: I understand that the cost of repairs is small, approximately half a million dollars.

Mr. Abbott: That may be. I think the work is well advanced and we are asking for an extra $310,000. It has been possible to make some transfers from other allotments.

Mr. Brooks: It is much less than was expected.

Mr. Abbott: So I understand.

Item agreed to.

The Chairman: We shall now revert to item 576, governor general and lieutenant governors, $50,000.

GOVERNOR GENERAL AND LIEUTENANT GOVERNORS

576. Office of the secretary to the Governor General—further amount required, 50,000.

Mr. St. Laurent: Mr. Chairman, it will have been noticed by hon. members that in the estimates for 1953-54 there is an increase of $56,000 provided in the item for the office of the secretary to His Excellency the Governor General. Here there is $50,000 which is not the whole amount of the difference between everything paid for the Governor General's remuneration and allowances and the actual expenditure incurred to discharge the duties and responsibilities of that office. The reason for the proposed increase is that the annual grant for the maintenance, operation and upkeep of government house has not been adjusted to any significant extent since 1914, and since that time costs have of course at least doubled.

The principal increases come under the headings of salaries and wages, provisions, fuel and light. The result has been that during the past year there has been a difference of something of the order of $5,000 a month between the one-twelfth of the annual provision and the expenditure. It happened that His Excellency's predecessor was able to carry on without there being any increases at all in salaries from those that had been established when he first came to Canada. But with respect to several of the services for which provision had to be made, there was just about twice as much required as had continued to be paid during the term of Lord Alexander.

I think the comptroller of the household is very careful, and these matters were carefully checked by officials of the comptroller of the treasury department so that we might have a realistic picture of what was being done. Those are the actual costs. One of two things had to be done. There either had to be a very substantial reduction in the scale according to which government house has been carrying on, or there had to be an increase to cover the additional expenditure. We thought that it would be the feeling of the Canadian public that there should not be any reduction in the scale on which government house is carried on in Ottawa.

I think most hon. members have been guests at government house, and I do not think any of us have felt that it would be proper that there should be a substantial curtailment in the scale of the expenditures made there. For that reason we are taking the responsibility of recommending to parliament that the required increase should be granted. Unless the scale is to be diminished, we do not think that the people of Canada would desire that the incumbent of that office should have to make the expense of carrying out his public responsibilities a part of his own personal expenditure. The remuneration, which at the time of confederation was set at £10,000, or the equivalent in dollars at the fixed rate of $4.86⅔, and the allowances are all paid into the same account and are insufficient to cover the expenditures which are not, it seems to me, of a scale that is out of proportion with what should be done by the representative of the sovereign in our capital.

When one reads of what went on twenty-five, thirty or forty years ago with respect to entertainment at government house, one realizes that it was possible to do things then that have not been done in these last few years because it would have meant a more grandiose scale than has become the set pattern in the last few years. We felt that the pattern of the last few years should be continued at public expense and it should not be such as would have to be contributed to substantially from the personal income from other sources of the one who had the honour to be designated as the sovereign's representative.

Mr. Lennard: I want it understood that I was not objecting to the amount. I was merely seeking information.

Mr. St. Laurent: Quite so.

Mr. Murphy: I think the minister did not finish his explanation with respect to item 591.

Mr. Abbott: We are on item 576.

The Chairman: We can deal with that later if the hon. member wishes to do so, but let us conclude the discussion on item 576.

Mr. Knowles: Mr. Chairman, I am sure we all appreciate the remarks the Prime Minister has made as to this item. I know that any criticism anyone offers of this kind of item is sometimes looked upon as carping, but it does seem to me that the total cost of the establishment at government house is getting to be quite a large figure. If my arithmetic is correct, if I can add at least as well as some of those who have been trying to add this afternoon, we will now be spending on the salary of the Governor General and the maintenance of government house a total of $228,129 a year. That includes the salary of the Governor General of $48,667, the $10,000 salary of the secretary, which is provided for in two parts, and something over $170,000 for the office of the secretary, including the running of government house and various allowances. I am looking at page 26.

Mr. Abbott: This is not a new item. It will be $206,224.

Mr. Knowles: Well, the items are on page 26. One has to break them down because they include the lieutenant governors as well. One has to pick out the items that relate to the Governor General and the administration of government house. I think my figures will stand up, and they add up to $228,129. The items on the page include $177,000 for the lieutenant governors. If you subtract that, you arrive at my figure. It is just a question, Mr. Chairman, whether that is not a little too large a sum for this establishment.

I know that comparisons are always difficult to make, and this one may be a bit embarrassing; but I cannot help but compare what it costs for us to maintain the Governor General and his residence with what we pay to the Prime Minister and the maintenance of his residence. It is a much smaller figure. I believe there is $23,000 altogether in salaries and allowances, and $25,000 for the maintenance of that house. We are in a rather awkward position. The Governor General is the titular head of the country, yet he is appointed on the recommendation of the Prime Minister who is the political leader of the country. There seems to be a great difference between the $25,000 for the maintenance of one establishment and the $228,000 for the maintenance of the other establishment. I hear people say that the Prime Minister does not have to entertain, but I understand he does have to do a certain amount of entertaining.

The suggestion was made that the Governor General should not be required to dip into his own funds. We pay him this salary of $48,667, which is not subject to income tax, although it has been pointed out that he pays income tax on his own private income. Now, the Prime Minister says that there have been few changes in the total amount we have paid for this establishment since 1914. I have not the books before me to look up the figures for the various years that far back. I am interested, however, in the figures for the year ending March 31, 1952. The amount requested by the Minister of Finance for the Governor General at that time represented a slight reduction. In other words, in that year apparently some effort was made to cut down the total amount being spent for this establishment, and there was a reduction in this very item we are now discussing of $2,468 as compared with the 1950-51 fiscal year. It seems strange that it was possible, just two or three years ago, to apply the concept of economy and pare things down a bit at government house, but now we are told that there has been this substantial increase of $50,000. I understand that this increase is in relation to the allowances for the purchase of goods, the hiring of help and so on. You have to look at that in relation to what was spent on allowances before. The amount before was $50,000, so it is not just a little increase in proportion to the current rise in the cost of living, it is actually a doubling of that amount. The Minister of Finance has had a fair amount to say about this item that is now before us being comparable to the item in the main estimates. May I point out that the item in the main estimates is, in effect, the beginning of a new policy of paying $100,000 of allowances instead of $50,000. This policy does not begin until the start of the new fiscal year on April 1. We are now being called upon to make this increase retroactive to last April 1. Frankly, I wonder whether there is not room, even with all the respect that we have for the office and the respect and regard we have for the person who occupies the office, for the kind of economy approach that was tried back in 1951-52, rather than this substantial increase.

Mr. Brooks: Mr. Chairman, I do not rise to object to this item. I must say that I do not altogether agree with the hon. member for Winnipeg North Centre. When we consider that the Governor General represents the sovereign in this country, and when we realize the tremendous expense the sovereign must be to the people of England—to which I understand we make no contribution—I think the contribution which we in this country make to the Governor General is certainly not out of line for a country of our size and wealth.

My understanding from what the Prime Minister said is that it is costing us $5,000 a month more for the upkeep of the present Governor General that it did in the past; that is $60,000 a year. In his remarks he said he thought the Canadian people would wish to pay this amount in order to maintain the standard which we, as a great country, should have.

I should like to say that I feel the Canadian people should have been ashamed of the niggardly fashion in which they have treated governors general in the past. It seems to me that if we have been paying $60,000 too little in the past to our governors general, it is time we were bringing that position up to the standard of a country like Canada.

Mr. St. Laurent: I was aware, in a general way, that the situation was difficult before Lord Alexander retired, but I did not know what the actual figures were. When the situation was brought to our attention some months ago, it was gone into, and I can assure hon. members that it was very carefully checked because we were not at all

anxious to have to bring before parliament any recommendations for the change in the allowances that were made just after there had been a change in the incumbent of that high office. The officials went into the figures very carefully with the comptroller. The hon. member for Winnipeg North Centre feels that there could be economies made, and that was looked into. It was found that in the actual expenditures, there did not seem to be any item that could be dispensed with without changing the scale on which the responsibilities of representing the sovereign were discharged in Canada.

This being the situation, it was felt that this recommendation should be made. The hon. member says there is a difference between the expenses there and the expenses of the house provided for the Prime Minister. Well, there is a very substantial difference in the size of the two establishments and the number of personnel required for their proper upkeep. All of that does have to be taken into account.

Mr. Low: And the office work is done at Rideau Hall.

Mr. St. Laurent: This amount does not only provide living accommodation for government house, it also provides for the whole administrative branch of the Governor General's office. In addition to the amounts that are required for the upkeep of 24 Sussex street, there are offices supplied to me here in the central block, there are offices supplied in the east block and there is personnel supplied to assist me in the discharge of my duties. All similar personnel is included in the details that are given on page 214 of the estimates for the Governor General's office.

The hon. member for Royal is quite right. This is an extremely modest sum when compared with the substantial sums that have to be provided out of the budget of the United Kingdom for the maintenance of the office of our beloved Queen of all the countries of the commonwealth. He is quite right. There is no contribution made by the Canadian public for the maintenance of the dignity of the monarchy as it exists for the benefit of all the countries of the commonwealth.

In each of the countries of the commonwealth there is a representative of the sovereign. But from what we know of the establishment out at Rideau Hall I do not think any of us feels that for the Canadian nation it is an extravagant establishment. I do not think that the travelling done by His Excellency in visiting the various parts of Canada is not worth, for the maintenance of our institutions, the amounts that are expended to have us all, from one ocean to the other, realize that although we have our provincial legislatures we have a central authority, a central parliament that is the parliament of all of us and at the head of which is the personal representative of the sovereign of all the commonwealth countries.

Mr. Tustin: The Prime Minister in his remarks mentioned the fact that the salary of the secretary to the governor general was in two parts. I notice that in the estimates the statutory amount of $2,400 is set out.

Mr. St. Laurent: Yes.

Mr. Tustin: Then we are asked to vote $7,600 to make his total salary $10,000.

Mr. St. Laurent: Yes.

Mr. Tustin: I wonder why it is done in that way?

Mr. St. Laurent: It is done in that way because at the time the office was established at confederation the salary of the secretary of the Governor General was fixed at $2,400, and that statute has never been changed. But it was found, over the years, that it had to be supplemented. Perhaps it would have been wiser to amend the statute itself; but instead the practice that has been followed ever since the first increase was made in the $2,400 is that of having it made through the estimates.

Mr. Hodgson: I should like to ask a simple question of the Minister of Finance. Am I to understand that the representative at government house is to get an increase in salary of $50,000 a year, additional to the $50,000 for expenses?

Mr. Abbott: There is no change in the salary.

Mr. St. Laurent: No, there is no change in the salary. The salary is the salary that is fixed, I think, in the British North America Act itself. The allowance was $50,000 and it is now being made $100,000. But that is the expense allowance. I can assure the hon. gentleman that not only the expense allowance but also the salary is spent in the maintenance of the office.

Mr. Hodgson: The reason I asked that question is this. At the time we were getting a Canadian representative, it was quite common talk that this procedure was going to save the Canadian nation a great deal of money; that is, in having a Canadian representative.

Mr. St. Laurent: I never heard that suggestion.

Mr. Hodgson: Now it is costing $50,000 more per year.

Mr. Low: I just want to say that I agree with the Prime Minister. I think the Prime Minister is quite right. If we are going to maintain in this country the monarchical form that is represented by His Excellency the Governor General, then we have to make it a dignified institution. My own calculations tell me that the amount of money that is being spent to maintain that institution is not in any way excessive. In fact I think it is well spent. The time of change from one incumbent of the office to another is the time we would discover if there was any disparity between what should be spent and what it was possible to spend under the old arrangement. If I am informed correctly, under the former governor general many of the staff members stayed on out of sheer loyalty, and at salaries and wages which were much below what they could have demanded elsewhere.

Mr. St. Laurent: Yes; and we felt that what was necessary had to be provided as soon as Lord Alexander left the office.

Mr. Low: Yes. I thought that point should be brought out because when new staff are hired they certainly ought to be hired at going wages and salaries, which would naturally push up the cost. I just wanted to support the Prime Minister and say that I think he is quite right.

Item agreed to.

The Chairman: I understand that the hon. member for Lambton West had a question to ask on item 592.

Mr. Abbott: He has left. If he gets back before we get through, it can be dealt with.

Mr. Green: When that item came up the parliamentary assistant to the Minister of Trade and Commerce was not in the chamber. He is here now.

Mr. Abbott: Is this item 591?

Mr. Green: No; item 592. The parliamentary assistant is here now. Perhaps he might explain.

NATIONAL RESEARCH COUNCIL AND ATOMIC ENERGY CONTROL BOARD

Atomic energy control board—

592. Construction or acquisition of buildings, works, land and new equipment, and to provide for payment to Central Mortgage and Housing Corporation for housing and other works constructed at Deep River during 1952-53—further amount required, $666,750.

Mr. Abbott: Perhaps I could give an explanation. I am informed that this supplementary estimate is required in order to transfer expenditures properly chargeable to construction or acquisition of buildings, et cetera, but budgeted for under construction of the new reactor. It is really a transfer item.

Mr. Green: No. Item 592 has something to do with housing.

Mr. Abbott: It has nothing to do with housing at all. It is a transfer item.

Mr. Green: It says "Construction or acquisition of buildings".

Mr. Abbott: That is the title of the primary item; but the explanation is as I have given it, that the original vote was $2,852,000 and this supplementary item for $666,000 is required in order to transfer expenditures properly chargeable to construction or acquisition of buildings, et cetera, but budgeted for under construction of the new reactor. I have the details of it here, if my hon. friend would like to have them.

Item agreed to.

DEPARTMENT OF PUBLIC WORKS

Engineering branch—

Acquisition, construction and improvements of harbour and river works—

Construction, acquisition, major repairs and improvements of, and plans and sites for, harbour and river works listed in the details of the estimates, provided that treasury board may increase or decrease the amount within the vote to be expended upon individual listed projects—further amount required—

600. Nova Scotia ($21,000, less the amount of $20,999 available from savings in other listed projects detailed in previous estimates for 1952-53 for this province), $1.

Mr. Black (Cumberland): I should like to have an explanation of this item with special reference to Nova Scotia.

Mr. Abbott: This is a dollar item, Mr. Chairman, and a quite appropriate dollar item. Provision was made in the main estimates for the Yarmouth-Bar Harbor ferry project, to prepare plans for the construction of new dock facilities at Yarmouth. It is now desired to actually acquire a site and this dollar item permits the vote, which is sufficient to cover that amount, to be used for that purpose.

Mr. Black (Cumberland): This is only put in as a dollar item. How does the department tell? How is it going to get the money necessary to meet the expenditure?

Mr. Abbott: It is already voted, but voted for plans, and not a broad enough vote to cover acquiring a site.

Item agreed to.

DEPARTMENT OF TRADE AND COMMERCE

Dominion bureau of statistics—

605. Statistics—further amount required, $99,278.

Mr. Lennard: There is a matter that I wanted to bring to the minister's attention in connection with statistics, and it will not take many minutes for me to do so. I might as well do it now as later on this session. In my opinion some of the officials of the bureau of statistics have an exalted idea of the effectiveness of what they consider to be some bright ideas in the field of obtaining figures. I might refer to two forms, namely E 60A and E 49, that are put out by the bureau of statistics. They are questionnaires that are handled by the Department of Citizenship and Immigration. These questionnaires are very simple, though some of the questions are hard to answer.

Please help by answering these questions. For use of dominion bureau of statistics in estimating total tourist and travelling expenditures.

1. Number of persons in your car including driver.
2. Length of stay in the United States.
3. Approximate total amount spent in the United States on this visit by you and those in your car for all purposes (examples: gas, oil, repairs, lodging, food, beverages, merchandise, amusement, etc.).

On about six occasions during the past six months I have crossed and recrossed the border at very widely separated points from Alberta to Quebec, and on only two occasions was I questioned. On both those occasions I could not give a correct answer because I did not know. These questionnaires are not signed. The person's name is not included on them. I would be safe in saying that answers to them represent not more than 50 per cent of the people who cross the border during the year at various points. The cost of these forms was brought down in an order for return some weeks ago. They have cost something over $50,000 in the past several years. That would not include the cost of operations. I feel that it is money thrown down the drain; that it is money wasted to supply forms and questionnaires such as these at a border point because all it has is a nuisance value. It is irritating.

I have a form here that is supposed to be answered by visitors from the United States. They do not have to answer it; it is not compulsory. If it is answered I would say that nine times out of ten the wrong answer is given, because even if the individual thinks he is giving the right answer I am sure it will be the wrong one. I know that is what happened in my case. On one occasion I gave an answer that I thought was the correct one, but twenty-four hours later I realized that I had not included any figure for the cost of my gasoline because I was obtaining my gasoline through the credit system. I should have added at least $10 a day for my expenses while I was in the United States last fall.

It is ridiculous for the bureau of statistics to think they can obtain proper information from such inquiries as these. I am quite sure that they do not, and it is money wasted. The Minister of Finance wants to know where we can save money. This is a small amount, but I daresay if the number of employees that have to service these forms was taken into consideration it would probably run into several hundred thousand dollars.

Mr. Abbott: I will see that my hon. friend's remarks are brought to the attention of the bureau.

Item agreed to.

DEPARTMENT OF TRANSPORT

Marine services—

Marine service steamers—

609. Operation, maintenance and repairs—further amount required, $60,000.

Mr. Green: Can the parliamentary assistant give us a brief explanation of these different items?

Mr. Benidickson: This one is an additional amount required over what was foreseen when the main estimates were brought down for repairs. It is the cost of repairing the bow of an icebreaker which was damaged in the ice in the waters off Labrador, I think in July of last year.

Item agreed to.

610. Construction or acquisition of vessels and equipment, as detailed in the estimates—further amount required, $6,760.

Mr. Browne (St. John's West): Perhaps the parliamentary assistant could give us an explanation of each of these items.

Mr. Abbott: Yes, there may be a general explanation. These items represent small amounts by which we underestimated the requirements of these particular primaries. For instance, in the case of this item, it is an additional amount to cover the final settlement with Newfoundland Shipyards Limited in connection with the construction of the Newfoundland general service work boat *Sea Beacon.*

Mr. Browne (St. John's West): What was the price?

Mr. Abbott: The amount voted was a very large amount, $4,351,000, but I have not the figure for that particular boat.

Mr. Browne (St. John's West): It would be only a small amount.

Mr. Abbott: The next little item, $1,145, is an additional requirement to provide for the

extension of a grant made to the provincial department of education, Vancouver, British Columbia in respect of an agreement covering the training of able seamen at the port of Vancouver, and the others are of a like nature. The largest is item 614, which has to do with the St. Lawrence ship channel. There is, as the committee is aware, an outstanding contract on a quantity basis. If dredging proceeds a little more rapidly in a given year there is an additional amount required, and this represents in fact an underestimate of the amount of dredging that would have to be paid for during the year.

Mr. Black (Cumberland): What was the total expenditure last year on the St. Lawrence dredging work?

Mr. Abbott: I do not know that I have that amount readily available, but I may be able to get it in a moment and I will give it to my hon. friend. The main estimate would show that. Perhaps I can answer my hon. friend's question by saying that parliament has already voted $2,821,326, and this additional amount of $311,978 will bring it up to something over $3 million.

Mr. Black (Cumberland): As I remember it, there is an outstanding contract covering a five-year period running to $13 million on the St. Lawrence, if my recollection serves me correctly.

Mr. Abbott: That is right. Perhaps the parliamentary assistant can tell us what has been spent up to date.

Mr. Benidickson: No, I do not have it on an annual basis, but the hon. member is correct that the total contract runs to approximately $13 million over a five-year period. This is simply extra work that was done this year, and of course will come off the total contract.

Mr. Black (Cumberland): Is this extra work supplementary to the contract that is outstanding, or is it on account of the contract? If it is on account of the contract, why is not the entire $13 million available for disbursement, if it has been earned on the contract and the contract has been let?

Mr. Abbott: Because we only estimate each year roughly how much cash will be required for this contract. We do not vote an amount for five years. This years we voted $2,821,326 against whatever payment would be required this year under that $13 million contract. In fact dredging was done to require this extra payment of $311,000 odd.

Mr. Green: That does not represent any change in policy?

Mr. Abbott: No change in policy, no change in price.

[Mr. Abbott.]

Mr. Green: Merely that more work was done than was expected would be done.

Mr. Abbott: Precisely.

Mr. Benidickson: Favourable weather, equipment available.

Mr. Black (Cumberland): Can the minister tell the committee who the contractor is for this $13 million that has been authorized over a period of five years.

Mr. Benidickson: Marine Industries Limited of Sorel, after calling for tenders on March 10, 1952.

Mr. Black (Cumberland): Tenders were called. I should like to know whether tenders were received.

Mr. Abbott: Tenders were received.

Mr. Black (Cumberland): Or whether the tender was allotted to the one contractor.

Mr. Benidickson: There was an additional tenderer, and the lowest tender was accepted.

Mr. Black (Cumberland): How many tenders were received.

Mr. Benidickson: Two, I believe.

Mr. Black (Cumberland): Who was the other tenderer?

Mr. Abbott: Canadian Dredge and Dock Company Limited, Toronto, whose tender price was $13,943,500.

Mr. Black (Cumberland): And the successful tender was how much?

Mr. Abbott: It was $13,021,900.

Item agreed to.

Railway and steamship services—

North Sydney, Nova Scotia—Port-aux-Basques, Newfoundland, car ferry and terminals deficit, 1952—

615. To provide for the payment during the fiscal year 1952-53 to the Canadian National Railway Company (hereinafter called the national company) upon applications approved by the Minister of Transport made by the national company to the Minister of Finance and to be applied by the national company in the payment of the deficit (certified by the auditors of the national company) in the operation of the North Sydney, Nova Scotia —Port-aux-Basques, Newfoundland, ferry and terminals arising in the calendar year 1952, $1,915,532.

Mr. Browne (St. John's West): Would the Minister of Finance explain the word "deficit" used in this item? At the present time and for the last two years construction has been going on at North Sydney, Nova Scotia.

The Deputy Chairman: Order.

Item stands.

Progress reported.

The Acting Speaker (Mr. Robinson): It being five o'clock, the house will proceed to the consideration of private bills.

PRIVATE BILLS

SECOND READINGS—SENATE BILLS

Bill No. 231, for the relief of Rolande Jacqueline Lortie Nugent.—Mr. Winkler.

Bill No. 232, for the relief of Alice Cecilia Anne Magniac Parker.—Mr. Winkler.

Bill No. 233, for the relief of Therese Monette Lax.—Mr. Winkler.

Bill No. 234, for the relief of Paul Edward Tremblay.—Mr. Winkler.

Bill No. 235, for the relief of Maurice Leveille.—Mr. Winkler.

Bill No. 236, for the relief of Bernard Gordon Smith.—Mr. Winkler.

Bill No. 237, for the relief of Anne O'Connor Shapiro.—Mr. Winkler.

Bill No. 238, for the relief of Beryl Mildred Taylor Leckie.—Mr. Winkler.

Bill No. 239, for the relief of Eileen Margaret Amos Trudeau.—Mr. Winkler.

Bill No. 240, for the relief of Florence Mae Mitchell Anderson.—Mr. Winkler.

Bill No. 241, for the relief of Sidney William Donald Butler.—Mr. Winkler.

Bill No. 242, for the relief of Adele Roberta Jeffrey.—Mr. Winkler.

Bill No. 243, for the relief of Margaret Bell Favreau.—Mr. Winkler.

Bill No. 244, for the relief of Lena Herman Besner.—Mr. Winkler.

Bill No. 245, for the relief of Muriel Luella Sproston Kerr.—Mr. Winkler.

Bill No. 246, for the relief of Ruth Steirman Fernley.—Mr. Winkler.

Bill No. 247, for the relief of Milorad Aragian.—Mr. Winkler.

Bill No. 248, for the relief of Kenneth Angus Eaton Hewitt.—Mr. Winkler.

Bill No. 249, for the relief of Delia Fleurette Ayotte Martin.—Mr. Winkler.

Bill No. 250, for the relief of Clarence Albert Edwards.—Mr. Winkler.

Bill No. 251, for the relief of Issie Adler.—Mr. Winkler.

Bill No. 252, for the relief of Jean Shelvington Parnell Adams.—Mr. Winkler.

Bill No. 253, for the relief of Peggy Louise Miller McCallum.—Mr. Winkler.

Bill No. 254, for the relief of Jean Paul Gauthier.—Mr. Winkler.

Bill No. 255, for the relief of Bernice Catherine MacDonald Crawford.—Mr. Winkler.

Bill No. 256, for the relief of Horst Wilhelm Wossidlo.—Mr. Winkler.

Bill No. 257, for the relief of Nick Sauchuk.—Mr. Winkler.

Private Bills

Bill No. 258, for the relief of Rita Frost Siversky.—Mr. Winkler.

Bill No. 259, for the relief of Beatrice Gotlieb Slobotsky.—Mr. Winkler.

Bill No. 260, for the relief of Georgina Julia Rose Charland.—Mr. Winkler.

Bill No. 261, for the relief of Margaret Violet Creasor McKenna.—Mr. Winkler.

Bill No. 262, for the relief of Kathleen Snell Meloche.—Mr. Winkler.

Bill No. 263, for the relief of Henry George Maxham.—Mr. Winkler.

Bill No. 264, for the relief of Marjorie Evelyn Lee Stevens.—Mr. Winkler.

Bill No. 265, for the relief of Queenie Isabel Brambell Muchan.—Mr. Winkler.

Bill No. 266, for the relief of Bessie Mabel Witcomb Elson.—Mr. Winkler.

Bill No. 267, for the relief of Catherine Maine McKenzie Woods.—Mr. Winkler.

Bill No. 268, for the relief of Robert Edward Francis Clements.—Mr. Winkler.

Bill No. 269, for the relief of Agnes Jackson Stroud Earle.—Mr. Winkler.

Bill No. 270, for the relief of Mary Elizabeth Irene Gray Brideau.—Mr. Winkler.

Bill No. 271, for the relief of Marie Claire Marcelle Suzanne Langlois Crowe, otherwise known as Marie Claire Marcelle Suzanne Langlois Cockell.—Mr. Winkler.

Bill No. 272, for the relief of Janina Jenny Spaiches Remeikis.—Mr. Winkler.

Bill No. 273, for the relief of Ruth Sanel Kolofsky.—Mr. Winkler.

Bill No. 274, for the relief of Pauline Tratenberg Goldman.—Mr. Winkler.

Bill No. 275, for the relief of Molly Klau Lust.—Mr. Winkler.

Bill No. 276, for the relief of Charlotte Freeman Pelletier.—Mr. Winkler.

Bill No. 277, for the relief of Olive Spencer Thompson.—Mr. Winkler.

Bill No. 278, for the relief of Dorothy Sanger Anderson Morris.—Mr. Winkler.

CANADA ELECTIONS ACT

AMENDMENT REGARDING POLL CLERKS AND ADVANCE POLLS

Mr. Rodney Adamson (York West) moved the second reading of Bill No. 224, to amend the Canada Elections Act.

He said: Mr. Speaker, the purpose of the bill is very simple. It is based upon a reduction of the force needed to carry out the work of an election on election day, through the elimination of the necessity of having candidates' agents at each poll.

At the present time there is a practice, which is fairly general, by which all candidates—certainly all candidates in opposition to the government party—appoint scrutineers

at each polling place, in order to see that the poll is conducted fairly. In my opinion the majority of that work is unnecessary. Nevertheless, unless there is some machinery set up whereby each polling place can be manned by officers who represent the two opposing political interests, the necessity for those scrutineers, officially known as agents at the polls, will be continued. And no candidate I know of—speaking for myself, I certainly would not—would be prepared to do without having agents at the polls, even though I am reasonably convinced that the polls are operated honestly and according to the act.

The first part of this bill makes an amendment to section 26(4) of the Canada Elections Act, whereby the poll clerk is appointed through the constituency returning officer, but by the right of the candidate representing the party which obtained the highest number of votes at the last preceding federal election, with the proviso that if the highest number of votes was obtained by a candidate supporting the leader of the government, then the candidate obtaining the next highest number of votes would appoint the poll clerk.

This would result in the deputy returning officer being, as he is at the present time, an appointee of the returning officer for the riding, and the poll clerk being an appointee of the candidate representing the party which obtained the highest number of votes, not being the party of the leader of the government.

Under the act at the present time the situation is that the riding returning officers are appointed by order in council. The government is responsible for the election, and I think that is perfectly right and proper. The returning officers, however, are appointees of the governor in council, of the leader of the government, and appointees of the party in power. They have the responsibility of choosing the deputy returning officers, who are their appointees and consequently are adherents or supporters of the government in power.

The deputy returning officers, in turn, appoint poll clerks; and the poll clerks are therefore, under our present regulations, supporters of the party in power. You have, therefore, a complete chain of the party in power—returning officer to deputy returning officer to poll clerk. The consequence is that any candidate not being a member or a supporter of the party in power, is forced to provide agents at the polls. The providing of agents at polls is one of the great expenses of election day. The average number of polls per constituency in Ontario is 140. Assuming that the candidate pays his agents a minimum of $5 per day and provides them, as he generally does, with lunch and transportation and other things—

Mr. Mutch: Do you have to pay them? Never heard of it.

Mr. Adamson: I am speaking of what are the facts.

Mr. Mutch: That is Toronto.

Mr. Adamson: His total expense will run to hundreds of dollars, and in my opinion that is largely unnecessary. The amendment I am proposing to make the poll clerk a member of a party in opposition to the government would eliminate any chance of suspicion that a poll was not adequately carried out. The providing of agents, as I have said, is an expensive matter to the candidate, yet their functions are not of great use. However, a candidate would find it most difficult to dispense with their services. I would not be prepared to advocate that that be done. That is the basic reason for this amendment. I am trying to simplify operations on election day and cut down the expenses of non-government candidates, and make the poll a less congested place than it is at the present time.

Since I introduced this bill I have received a number of communications from people who have been deputy returning officers, who tell me that they agree with the principle of the bill as in their opinion agents at the polls are unnecessary. As I have said, that is one of the unnecessary expenses to which the non-government candidate is put on election day. So much for the basic principle of this amendment.

The term I have used, "leader of the government" is a term used in the office consolidation of the Canadian forces voting regulations in subsection 50, where both the terms "leader of the government" and "leader of the opposition" are mentioned specifically. This bill provides that the representative of the party which led the poll or ran second to the successful candidate can appoint the poll clerks. In other words, in a constituency not held by the Social Credit or the C.C.F. party, where their representatives ran second to the government candidate in 1949, they would be entitled to appoint the poll clerks.

There is also a provision in the bill that if a candidate representing an opposing political interest is not capable of appointing poll clerks the returning officer shall have the right to do so as he sees fit. There is a time limit on the appointment of poll clerks of two days following nominations, which gives 12 days from nominations in most constituencies and 26 days in others in which the appointment of poll clerks can be made. In other words, poll clerks must be appointed

12 days prior to the date of polling. So much for the first part of the bill.

The second part of the bill deals with advance polls. I find that the Revised Statutes of Canada differ in some particulars from the green election book A-34 as far as advance polls are concerned. The Revised Statutes of Canada, being the official statutes, take precedence over the general election instructions for returning officers. If the point which I now bring to the attention of the house is not cleared up prior to election day there may be some confusion in connection with one or two constituencies.

For instance, in the Revised Statutes of Canada, which we have not as yet received but which I have seen, there is no provision for advance polls at Atikokan, and I think at one or two other places, whereas Atikokan is definitely named in the instructions. It is a simple matter, but it is one which I feel should be cleared up before the general election takes place.

There is one other remark I should like to make with respect to part II of the bill. The township of Etobicoke, which makes up a large part of the constituency of York West, is not mentioned as a place where an advance poll can be established. The townships of Scarborough, York North, York and York East, all being very largely urban municipalities at the present time, have the right to have advance polls, but the township of Etobicoke with a population of over 60,000 does not have that right. I would earnestly request that the house give the township of Etobicoke the right to have advance polls so that it will be treated the same as these other townships in the Toronto metropolitan district.

I realize that introducing a bill to amend a complicated piece of legislation such as the Canada Elections Act at this stage of the session presents some difficulties. However, the amendments I am suggesting are simple in character, and I would ask the government to give earnest consideration to them. In my opinion they would simplify operations at the polls on election day. They would provide for the manning of the polls to be done by two opposing political interests, thus avoiding the necessity of having candidates' agents at the polls and reducing very materially the expense that every candidate who is not a government candidate must assume to carry out the functions which in the name of his party he is bound to carry out on election day.

Hon. W. E. Harris (Minister of Citizenship and Immigration): Mr. Speaker, the bill before the house provides for four distinct amendments. I have noted what my hon. friend has said about Atikokan and the township of Etobicoke. I am sure we will give consideration particularly to these matters because they affect the taking of the vote immediately.

On the other hand, the question of the poll clerk being an appointee of a political party instead of an appointee of the deputy returning officer is new to me, and certainly in my recollection it is new to the elections committee. I take it that the other amendment he suggests is the reason for that change, and that the thought behind it is to cut down the cost of holding elections on election day. Therefore I assure him that the government will give serious consideration to these suggestions.

I would point out, however, that the chief electoral officer has been away a good deal in the past two months and we have not had an opportunity to discuss with him the import and consequences of the amendments suggested. Therefore, on the understanding that I will have that discussion with him, I move the adjournment of the debate.

On motion of Mr. Harris the debate was adjourned.

SUPPLY

The house in committee of supply, Mr. Robinson in the chair.

The Deputy Chairman: We were considering item 615, Department of Transport.

Mr. Browne (St. John's West): Before the parliamentary assistant commences the explanation, I had not finished what I had to say. I have gone through the estimates of last year and have added up the amounts of money that were voted for this particular project. As I said, there are terminals at North Sydney where the ferry receives freight and passengers for transportation to Port aux Basques in Newfoundland. At the other end of the run, at Port aux Basques, the government is now building new terminal facilities. But I do not see where any question of a deficit comes into the picture. It is a capital expenditure that is being made there.

Mr. Benidickson: The hon. member for St. John's West is perfectly right that this item is appearing for the first time in the estimates, and in view of that I think the committee should have a brief explanation. The operation of the ferry service between North Sydney and Port aux Basques is an obligation of Canada under article 32 (1) of the terms of union of Newfoundland with Canada. The present ferries and terminal facilities at Port aux Basques form part of the Newfoundland railway and steamship facilities that were acquired by Canada under

the confederation pact. These were entrusted to the Canadian National Railways for operation and management effective April 1, 1949.

The deficits in the operation of the ferry service have been included up to now in the accounts of the Canadian National Railways. In May, 1950, the government, in considering ways and means of relieving the Canadian National Railways of heavy annual deficits, decided that the operation of the ferry service was an obligation of the government as part of the terms of union with Newfoundland, and that the deficits in operation should not be assumed by the railways but should be provided for as a direct obligation of the government. It is proposed that this be done from January 1 of 1952. If my hon. friend will look at the next item in the supplementary estimates he will see that we have a similar item there for the operating deficit of a similar service between the mainland and Prince Edward Island.

Mr. Browne (St. John's West): If I understand the parliamentary assistant aright, it means that the Canadian National Railways handle goods and passengers arriving at North Sydney, put them on board the steamer, take them across and collect any moneys for the goods and passengers that are transported.

Mr. Benidickson: No.

Mr. Browne (St. John's West): The cost of that operation is then charged to the C.N.R., whereas the freight may be paid in Toronto or Montreal.

Mr. Benidickson: My hon. friend will remember that we had a discussion recently in the railways and shipping committee on a similar point, and I can assure him that revenues from through freight and express are credited to the ferry service on a pro rata mileage basis. Passenger revenue, including cabins and berths and so on, are credited on an actual mileage basis for the type of transportation that is used. With respect to meals, mail and other revenue, these are credited. I might put the revenues for the past year on the record. Receipts from passengers, freight, express, cabins, meals and mail amounted to $987,368. Expenses, which were operation and maintenance of ferries, docks and yard tracks, and stevedoring, etc. amounted to $2,902,900, so that the net operating deficit was $1,915,532. But the value of the transport from the mainland to Newfoundland is credited pro rata for the various services that are performed, even though some of these items may be on a through basis.

[Mr. Benidickson.]

Mr. Browne (St. John's West): This seems an extraordinary item, because if there is any point at which the enterprise should be profitable it is between North Sydney and St. John's, Newfoundland. The steamer is filled with goods going across, and it is generally filled with passengers each way. In addition, there must be a subsidy for carrying the mail.

Is the parliamentary assistant satisfied in his own mind that everything that should be credited to that operation is credited to it? I do not know whether he was in the committee on railways and shipping yesterday when I was given information by the general manager concerning a question which I had asked about the movement of freight over that line. I was told that that was a difficult thing to say because the freight was collected at certain places, and it would involve an enormous amount of trouble to see how much of it should be credited between Port aux Basques and Sydney.

Mr. Benidickson: My hon. friend will recall that part of the difficulty was with the matter of allocating head office expenses and the like. This is considered a matter of prorating on mileage, and the accounts submitted by the Canadian National Railways are audited and examined by our auditors, who are officers of the finance department.

Mr. Browne (St. John's West): Will you tell me where to find this item in the Canadian National accounts? I could not find it. I have searched for it, but could not locate it.

Mr. Benidickson: No, I told my friend that up until January of 1952 the item appeared in the regular accounts of income and outgo of the Canadian National Railways. Since then it is paid by the government.

Mr. Browne (St. John's West): Will the hon. member tell me why?

Mr. Abbott: In line with the same policy we follow with regard to the Prince Edward Island ferry.

Mr. Browne (St. John's West): Why do you call it a deficit? It seems to me that by using that expression you are assuming that this is for the benefit of Newfoundland. I submit that the people who get the benefit are those who are selling the goods and those who are transporting it, the Canadian National Railways.

Mr. Abbott: Does my hon. friend suggest that there should be higher freight rates or fares on the ferry?

Mr. Browne (St. John's West): No, I do not suggest anything of the kind. I do believe that the operation between North Sydney and Port aux Basques must be profitable if there

is any profitable portion of the Canadian National Railways, because the freight sheds are congested with goods. It takes from five to six weeks to get delivery of an article because of that fact. It is hard for me to see where the loss occurred on any freight received for that journey, at any rate. Is there any reason why you call it a deficit? Why could you not call it a subsidy to the Canadian National Railways instead of calling it a deficit?

Item agreed to.

General—

618. To provide for reimbursement of the Department of Transport stores account for the value of stores which have become obsolete, unserviceable, lost or destroyed, $23,799.

Mr. Green: Could the parliamentary assistant explain this vote? It seems to be a new one.

Mr. Benidickson: Mr. Chairman, by authority of section 60, subsection 2 of the Financial Administration Act, it is made possible to write off from the Department of Transport stores account a deletion from inventory for certain items. This particular item is made up of Moncton fire losses and stores $2,894; obsolete stores, $18,597 and adjustment of inventory, $2,308.

Mr. Green: Has there been such an item in the estimates before?

Mr. Abbott: Perhaps I might answer that. My hon. friend will recall that the Financial Administration Act is fairly new. I think we passed it last year. In conjunction with the Financial Administration Act there was a Department of Transport Stores Act which provided for this revolving account. As I understand it this is really to authorize the making of an appropriate accounting entry in that revolving account to write off, for the purposes of our balance sheet, certain losses that have either occurred or obsolete stores. That is my understanding of the purpose.

Mr. Green: Will there be an annual vote?

Mr. Abbott: I think we would have an annual vote for this account every year, probably in the final supplementary estimates.

Item agreed to.

Civil aviation division—

621. Contributions, as specified in the details of the estimates, to other governments or international agencies for the operation and maintenance of airports, air navigation and airways facilities—further amount required, $10,000.

Mr. Green: What is the explanation of item 621?

Mr. Benidickson: This involves Canada's contribution to the maintenance of aviation trunk line facilities to the south Pacific. The trustee for the contributing countries is New Zealand, and when expenses were pooled the south Pacific air transport council submitted a charge of $10,000 under our percentage of cost. This is the item.

Mr. Green: That is additional to the vote we have passed?

Mr. Benidickson: It is additional to the $112,500 in the primary estimates. I may say that this brings the contribution up to date. It involves some retroactive accounting over a period of two or three years.

Item agreed to.

Air transport board—

622. Subventions for air carriers, as detailed in the estimates, $125,000.

Mr. Green: Mr. Chairman, will the minister explain this item? It seems to be a subvention for an air carrier, and this air carrier happens to be serving the west coast and Vancouver island so I have no objection to the vote. I believe this is a new departure. I should like to know whether there have been any other cases in which there have been subventions to an air transport company, and whether this signifies the adoption of a new policy by the government to aid aviation?

Mr. Benidickson: The possibility that something of this kind might be required in air transport, as it has been required in the past in connection with the maintenance of essential railway and steamship services, was anticipated, and authority for it is in the Aeronautics Act. My hon. friend will agree that in that part of the country with which he is so familiar there has been a considerable amount of recent activity, but at the same time unfortunately there has been a certain amount of curtailment of steamship services.

As a result of the elimination of certain steamship services people who are dependent upon either air or steamship for their necessary transportation would not, this winter, have had regular service. The air transport licensee could only operate during the winter months at a deficit. On the recommendation of the air transport board, and in accordance with the Aeronautics Act, this was declared to be a necessary service and consequently an agreement was made that the operator would receive for six winter months this amount of money so that the service would be maintained in the winter months.

Mr. Abbott: I might add, as the parliamentary assistant has stressed, it is rather an emergency situation. It was essentially a

temporary arrangement. When it was considered by the government, on the recommendation of the air transport board, it was felt that after getting over this difficult winter period the air line in question would probably be able to continue on a self-sustaining basis. This amount was to get it over that difficult hump and, as the parliamentary assistant has said, to provide essential transportation which would not be available in any other form during that period.

Mr. Knowles: Might I, under this item, ask the parliamentary assistant if he can say whether there will be a statement of government policy at an early date in respect to the transporting of freight by air across Canada? I have in mind the fact that the Canadian Pacific Air Lines has made application for the right to operate a service that would compete with Trans-Canada Air Lines. In that connection I also have in mind the fact that a good many years ago, I believe in 1944, there was a statement of policy in this connection by the then prime minister, Mr. King, and confirmed by the present Minister of Trade and Commerce (Mr. Howe). This statement of policy was to the effect that all main lines of air transport in Canada were to be operated by the government's chosen instrument, namely Trans-Canada Air Lines.

The statement of policy went further than that. It included statements as to what was to be done with respect to international flying as well. In my submission there have been some amendments of that policy—particularly international policy—across the years but there has never been any restatement of the policy itself. Can the parliamentary assistant say whether there will be a statement at an early date so we may know whether that statement which I believe was made in 1944 still holds with respect to main line flying in Canada?

Mr. Benidickson: I will certainly draw the hon. member's remarks to the attention of the Minister of Transport. I think the hon. member will be the first to realize that on a matter of policy of that kind the minister would be the one who would be qualified to speak.

Item agreed to.

Canadian maritime commission—

623. Steamship subventions for coastal services, as detailed in the estimates—further amount required, $5,334.

Mr. Black (Cumberland): I should like to have some explanation of this item. In the note on page 22 I see that it is for steamship subventions for coastal service from Yarmouth, Nova Scotia to Boston. I should like to know what the total payments have been for that service and why this supplementary amount of $5,334 is now asked for.

Mr. Abbott: That service, I am informed, is provided by Himmelman Supply Company of La Have, Nova Scotia. Last autumn the cabinet approved an increase in the subvention from $28,000 to $36,000, effective August 1, 1952. This additional $5,334 is supplementary to a vote of nearly $4 million, but it is required to provide for that purpose.

Mr. Black (Cumberland): What special service does it concern?

Mr. Abbott: Yarmouth to Boston.

Mr. Black (Cumberland): What traffic does it carry? What special service does it perform?

Mr. Abbott: I am afraid I have not that information readily available. It was approved in the main estimates and recommended, of course, by the maritime commission. But it is simply to provide an extra amount in addition to an amount already voted by parliament for that purpose.

Mr. Black (Cumberland): As I understand the Minister of Finance, it is not a subsidy for the Yarmouth-Boston service. It is to a company or concern doing certain transporting of freight.

Mr. Abbott: That may be so. I am afraid I am not familiar with the details of these services. It is the case of an additional item where the main item has been approved. I could get that information for my hon. friend. However, I think he is right and that it is providing a freight service between Yarmouth and Boston.

Mr. Black (Cumberland): I should like to ask the minister whether that service is being continued, whether it is going to apply to the ensuing year or whether the contract is terminated.

Mr. Abbott: I am afraid I would have to get information about that point and see in the main estimates, but I will see that that is done.

Item agreed to.

DEPARTMENT OF VETERANS AFFAIRS

Pensions and other benefits—

624. Pensions for disability and death, including pensions granted under the authority of the civilian government employees (war) compensation order P.C. 45/8848 of 22nd November, 1944, which shall be subject to the Pension Act—further amount required, $1,600,000.

Mr. Brooks: Can the parliamentary assistant give us some information on this item?

Mr. Mutch: There is very little to say on this. It is additional money required to fulfil the commitments of the department to pensioners, primarily the regular pensions in the service but also including those other war pensions paid under civilian acts but administered by the pension commission. It is an underestimate of what we would require this year.

Mr. Abbott: It is a straight underestimate. That is what it is.

Mr. Brooks: Are they veterans of world war II who have died since the end of the war?

Mr. Mutch: I could not hear the question.

Mr. Brooks: I notice they are only for world war II. Are they veterans who have died since the end of the last war?

Mr. Mutch: No. It is part of the general fund for the payment of war pensions, in Korea as well.

Mr. Abbott: It supplements the main vote of approximately $125 million.

Mr. Mutch: That is right.

Item agreed to.

Miscellaneous payments—

625. Employers liability compensation—further amount required, $700,000.

Mr. MacInnis: Will someone explain the purpose of this item?

Mr. Mutch: There was an arrangement made in the period between world war I and world war II with each of the provincial governments designed to encourage the employment of disabled veterans in industry generally. That has continued over a period of years, and it has worked satisfactorily. It is now felt that the employment of pensioned veterans has reached a normal situation. Arrangements have been made with each of the provinces to retire this current plan by payment of $700,000 to take care of those commitments already made. Formerly we assumed the responsibility for the difference between the pensioners' pension and the liability incurred in industrial accidents.

Mr. Abbott: It is now recognized that disability pensioners are no greater risk—and I believe I am right in this—

Mr. Mutch: Yes.

Mr. Abbott: —for workmen's compensation purposes than are ordinary employees. That has been determined in the light of experience. We are concluding our arrangements with the provinces, and now they will be treated just as ordinary employees.

Mr. MacInnis: With this payment, there will be no further payment on this score?

Mr. Abbott: That is correct.

Mr. Brooks: It does not include Korean veterans?

Mr. Abbott: No. It is purely a civilian matter.

Item agreed to.

Terminable services—

628. Post discharge rehabilitation benefits, including the training of merchant seamen and salt water fishermen pensioners—further amount required, $325,000.

Mr. Green: What is the situation now with regard to post-discharge rehabilitation benefits for merchant seamen?

Mr. Mutch: Those are mentioned because they are the only civilian exceptions to the rehabilitation program which qualify under this. Basically this money is needed to extend benefits to Korean veterans. But we mention these other groups because they are the only non-veteran groups which are affected to the extent that they are still a problem.

Item agreed to.

LOANS, INVESTMENTS AND ADVANCES

Central Mortgage and Housing Corporation—

629. To provide for the restoration of the special account in the consolidated revenue fund established by section 35 of the National Housing Act by the amount paid out of the special account in respect of housing and land development projects undertaken jointly with the governments of the provinces during the fiscal year 1951-52, $1,500,000.

Mr. Gillis: I notice the minister is not in his seat.

Mr. Abbott: I can give the required information.

Mr. Gillis: I should like to get this information. There are in this country a large number of people who secured loans from Central Mortgage and Housing Corporation back in 1945 or 1946. At prices prevailing at that time a home could be built for, say, $6,000 or $8,000. During the process of building those homes prices went up terrifically, a fact which left those people in the position of being from $2,000 to $3,000 short of the amount of money required to complete the home. That was owing to inflated prices. Many of them went in debt to the company that furnished the lumber. I myself have had several cases brought to my attention and I have had a great deal of correspondence with the Minister of Resources and Development asking if it was not possible to restore the supplementary loan privilege—

which was contained in the act and removed—or if there was not some way in which Central Mortgage and Housing Corporation could finance that outstanding account by way of a second loan through that organization. There were several cases where the lumber dealer was owed $2,000 or $3,000 and was issuing instructions to have a writ issued against the property holder, and threatening to take the property from him and all that kind of stuff.

The minister and I never got anywhere by way of negotiation. The matter just stood in abeyance. On several occasions he suggested that these people should go to some other company, get another loan and finance it in that way. However, the people who were affected and for whom I was doing business with the minister were not in a position to do that. Getting another loan meant another $50 a month by way of payment; and they were ordinary people and could not afford it. A lot of people across the country are affected in that way.

I rose this afternoon because of an item that appears in the *Journal* of this afternoon. It is an account of remarks made to the Rotary Club in Hull by a gentleman named J. C. Paradis, manager of the Central Mortgage and Housing Corporation. In his remarks to the Rotary Club in Hull he said that a new policy had been inaugurated by Central Mortgage and Housing Corporation which would enable homes to be financed directly between the people concerned and the Central Mortgage and Housing Corporation, that it was no longer necessary to farm the money out to the insurance companies.

Without going into a long harangue about the thing, can the minister tell us whether there has been a change in the policy of financing as suggested by this gentleman and whether it is possible now, in the type of case I have just described, to make a direct application to Central Mortgage and Housing Corporation and perhaps get a new mortgage, including the amount that is owed to the lumber dealer, and have it refinanced by Central Mortgage and Housing?

Mr. Abbott: I am afraid I was a little premature. I cannot give an answer as to that, the general policy of lending by Central Mortgage and Housing Corporation. I did come prepared to deal with this particular item which relates to arrangements between the provinces for financing special developments jointly by the provinces, the federal government and Central Mortgage and Housing Corporation. I shall bring his remarks to the attention of the Minister of Resources and Development, and perhaps he can bring them up again when the main item comes up in the main estimates.

This particular item relates to section 35 of the National Housing Act, which has to do with the special account of $50 million, and this reimburses that account in the amount of $1,500,000 advanced under those arrangements that I have just mentioned with the provinces.

Mr. Hodgson: I have a situation in my constituency along similar lines. I had it up with the department but have not got any place with it. I have a veteran who served five years in the army, and four of those years overseas. He is a carpenter. He started out to build his own house. He has the house just about to the point where he can live in it, and he has run short of money. He has been trying to get a loan from the Central Mortgage and Housing Corporation but they have turned him down because they did not see the site first, did not see the starting of the thing and all the rest of it. This house is going to be worth between $10,000 and $12,000 when it is finished. It would take about $2,500 to finish it, and he has been more or less turned down.

Mr. Abbott: I can only say, as I said to the hon. member for Cape Breton South, that I shall bring my hon. friend's remarks to the attention of the minister.

Item agreed to.

Transport—
Air services—

632. To authorize and provide for the operation of a revolving fund in accordance with the provisions of section 58 of the Financial Administration Act for the purpose of financing the purchase of materials and supplies to be held in northwest communication system stores for use on both capital and maintenance works, the amount to be charged to the revolving fund at any one time not to exceed $125,000, of which $100,000 has already been provided under vote 559, Appropriation Act, No. 4, 1952, $25,000.

Mr. Green: Could we have an explanation of this item?

Mr. Abbott: This is the revolving fund. The department recently submitted to treasury board that the $100,000 revolving fund provided for capital and maintenance works carried out by the northwest communication system is inadequate and should be increased to $125,000. That is the northwest communication system running up along the Alaska highway. Treasury board agreed to that, and of course I had to put the item in the supplementary estimates authorizing the increase from $100,000 to $125,000.

Item agreed to.

633. To provide for recoverable advances to enable extension of northwest cmmunications system facilities between Edmonton and the Yukon-Alaska border, $130,000.

Mr. Green: What about this item?

Mr. Abbott: That is under somewhat similar circumstances. On November 24, 1952 treasury board considered and approved the following project and directed that the Department of Transport be charged with the full cost of the facilities in the form of a refundable loan; that funds received as a provisioning charge or rental income be transmitted immediately to the Receiver General as a reduction of the loan, and that is what is known as the Beaverlodge project for the expansion of facilities of the northwest communications system, operated by the Canadian National Telegraphs on behalf of the Department of Transport. The expansion is required to meet certain requirements of the joint Canada-U.S defence network, specifically the new Beaverlodge establishment. It is considered that we will get revenues from a portion of that operation, and it was considered that it would be appropriate to make this as a refundable advance rather than a payment.

Mr. Green: This is a new line entirely, is it?

Mr. Abbott: My understanding is that it is an extension of the existing facilities.

Mr. Green: Is the minister able to say from where it runs?

Mr. Abbott: I am informed from Beaverlodge to Edmonton.

Mr. Green: Where is Beaverlodge?

Mr. Benidickson: At lake Athabasca, at the radar development; and it involves some voice channels and teletypes. We are in a dominant communications position in that section, and therefore are asked to extend our services. But these particular facilities are going to be rented, and there will be a repayment over ten years by the people who want the service.

Mr. Green: I asked the question because the description says: "between Edmonton and the Yukon-Alaska border" which apparently is incorrect.

Mr. Benidickson: I said lake Athabasca.

Mr. Green: I understand now. Where is Beaverlodge?

Mr. MacDougall: That is where Gunnar Gold is located.

Mr. Green: Which is correct; is it the Yukon-Alaska border, or is it in Alberta?

Mr. Abbott: I am afraid we would have to get the exact geographical location from my hon. friend. This description indicates to me the nature of the extension.

Item agreed to.

Veterans Affairs—

Soldier Settlement and Veterans' Land Act—

634. To provide for purchase of land and permanent improvements; cost of permanent improvements to be effected; removal of encumbrances; stock and equipment; refunds to veterans (sections 9A and 19); and for protection of security under the Veterans' Land Act—further amount required, $600,000.

Mr. Brooks: Could we have an explanation of this?

Mr. Abbott: This is an estimating problem again. The expenditures have run somewhat higher than the estimate. The main estimate was $18 million, and the supplementaries were $2,500,000. We need to have still another $600,000.

Item agreed to.

Resolutions reported, read the second time and concurred in.

WAYS AND MEANS

Hon. Douglas Abbott (Minister of Finance) moved that the house go into committee of ways and means.

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

Mr. Abbott moved:

Resolved, that towards making good the supply granted to Her Majesty on account of certain expenses of the public service for the fiscal year ending 31st March, 1953, the sum of $77,680,383 be granted out of the consolidated revenue fund of Canada.

Resolution reported, read the second time and concurred in.

Mr. Abbott thereupon moved for leave to introduce Bill No. 292, for granting to Her Majesty certain sums of money for the public service of the financial year ending 31st March, 1953.

Motion agreed to, bill read the first and second times, considered in committee, read the third time and passed.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

CROWN LIABILITY

TORTS AND CIVIL SALVAGE

The house resumed, from Thursday, March 26, consideration in committee of Bill No. 105,

respecting the liability of the crown for torts and civil salvage—Mr. Garson—Mr. Beaudoin in the chair.

On section 8—*"Provincial court" defined.*

Mr. Green: Mr. Chairman, this is a clause which gives jurisdiction to certain provincial courts, limited to what are known as district or county courts, where the maximum jurisdiction is $1,000.

Mr. Garson: No, it is not limited to county courts.

Mr. Green: Let us, for example, take the province of British Columbia. I understand that in that province the jurisdiction is given only to the county courts, where the limitation is $1,000.

Mr. Garson: It is limited as to amount. If the jurisdiction of the county court is not high enough, then it can be taken to the superior court of the province.

Mr. Green: But the limit is $1,000, is it not?

Mr. Garson: That is right.

Mr. Green: Why is it not made possible for courts of original jurisdiction in each province to deal with these matters? For instance, in British Columbia why should not the supreme court in that province be allowed to deal with the claims?

Mr. Garson: Well, for many years the exchequer court has been traditionally the court in which actions between the subject and the crown have been carried on. By reason of the fact that actions from all provinces of Canada between the subject and the crown are carried on in the exchequer court, a uniform jurisprudence has been built up in all of these cases. We think it is desirable that that practice should be continued.

However, it did seem to us desirable that in respect of smaller negligence claims, and the like, where the amounts involved did not exceed $1,000, and where in most provinces it would be possible to have such cases tried in the county or district courts, right in the same community, the subject should be permitted to bring his action in his own county court in his own local district. I am referring to a local district such as the Okanagan or the Kootenay districts of British Columbia.

Therefore we have made this provision. We do believe, however, that where larger amounts are involved and where, as a rule, the more difficult points of law are involved, it is desirable to have actions of that kind brought in the exchequer court, where they will be adjudicated by the same panel of judges in all the provinces of Canada. Since, as my hon. friend knows, the procedure in that court has been considerably simplified in the last few years and the exchequer court sits in different parts of Canada, the alleged inconvenience of suing in the exchequer court is not as great as at first blush it might appear.

We think that in a statute which is opening up a wide, new field of jurisdiction, as regards causes of action, this is at least the appropriate provision to make.

Mr. Green: There is the possibility that the jurisdiction would be extended to the higher courts?

Mr. Garson: Only, I think, if it appeared that there was a need. We are inclined to the view that, with this provision taking care of all the smaller cases in the county courts, there is no particular hardship in suing in the exchequer court, which sits periodically in the different parts of Canada and in which court, I believe, procedure is much simpler than in the average provincial superior court. We think this will work. If it does not work, then I believe we have shown by our conduct in relation to this act that we are quite open-minded and always willing to try to accommodate the public need.

Section agreed to.

Sections 9 to 13 inclusive agreed to.

On section 14—*Rules of court.*

Mr. Robichaud: Before we proceed to part III may I suggest to the minister that in my submission it would be advisable to have in part II a section providing for discovery and inspection of documents, and for examination for discovery.

I have checked the Ontario statutes, where I find an act respecting proceedings against the crown. In that act section 10 makes provision that the crown may be required to make possible discovery of documents, and to produce documents for inspection. Although couched in different language, there is a similar section in the crown proceedings act of the United Kingdom where, in section 28, provision is also made for examination for discovery.

I suggest it would be very helpful if there were added to the bill a section making provision for the inspection of documents and examination for discovery. May I also suggest that there should be provision in the bill for examination of parties outside the jurisdiction, a point which I consider of some importance. I make my remarks brief, so that we may not be delayed in proceeding to part III.

Mr. Garson: If the experience under the Exchequer Court Act over a period of years had demonstrated that there was great need for discovery in that court, such as my hon.

friend is recommending, then perhaps it might be considered. However, I think my hon. friend will agree that it would be more appropriate to amend the Exchequer Court Act, because if discovery is necessary it should be provided not only for actions of tort covered by the present bill but for all actions taken against the crown in that court. Therefore I think it might be better for us to consider the suggestion which my hon. friend has made in connection with the Exchequer Court Act rather than this bill.

Mr. Carroll: I believe there is provision in all the provinces for discovery under the Exchequer Court Act.

Mr. Robichaud: I was not thinking of discovery in the exchequer court, because that is provided for already by the general orders and rules of procedure of that court; and I would refer to rules 129, 130 and 131.

Mr. Garson: I misunderstood my hon. friend. I thought he was talking about discovery of documents, not examination for discovery. If my hon. friend's point is that he wishes changes made by this legislation in the rules of procedure of the provincial courts, then I think it would be preferable for us not to change any of the rules of procedure of the provincial courts even if we have the power to do so. I think it would be wise to see how we get along with this bill under the existing rules of procedure in the provincial courts. For my own part, if it was thought desirable to change the rules in the provincial courts I think it would be preferable to communicate with the attorneys general of the provinces to see if they were prepared to change the rules in relation to actions brought under this legislation.

Mr. Robichaud: As provision for examination for discovery exists in all provinces there is no need to change the rules of procedure.

Mr. Garson: If it exists in the exchequer court and in all provinces, then why is my hon. friend urging that it should be provided for here?

Mr. Robichaud: I feel it would clarify this bill if it were included. We are passing a new statute to apply to all provinces and we would not be infringing upon provincial rights by making discovery a part of this statute.

Mr. Garson: I am afraid I must differ with my hon. friend. We are dealing with substantive matters in this statute. I think my hon. friend will agree that a provision for examination for discovery is procedural in character. It seems to me that it would be wiser, particularly if he is right when he says there is provision already for examination for discovery in the exchequer court and also in the provincial courts, to let these provisions apply and have this statute deal with substantive law, which is what in the main it purports to do.

Mr. Robichaud: There may be some doubt as to whether discovery would apply to proceedings under this statute.

Mr. Garson: Section 14 reads:

> Except as otherwise provided by this act or the regulations, the rules of practice and procedure of the court in which proceedings under this part are taken apply in those proceedings.

Section agreed to.

Sections 15 to 21 inclusive agreed to.

On section 22—*Service on deputy attorney general.*

Mr. Robichaud: Mr. Chairman—

An hon. Member: More discovery.

Mr. Robichaud: It is not more discovery, but we may discover something else. This section reads:

> The governor in council may make regulations (a) prescribing rules of practice and procedure in respect of proceedings taken in provincial courts under part II.

I think this fits in with the remarks just made by the Minister of Justice when he said we should not pass laws dealing with procedural matters. I suppose by that he means that he would not want to invade what is recognized as exclusive provincial jurisdiction; yet power is being sought in this very section to prescribe rules of practice and procedure. I have studied the matter very carefully, and I am dubious whether this parliament has the right to prescribe rules of practice and procedure in respect to proceedings taken in provincial courts.

I would appreciate if the minister would point to any authority giving us the right to do that. I submit with due respect that this provision would be ultra vires of the dominion parliament. As a matter of fact there have been cases decided by the privy council with reference to this matter in which procedure has been declared to be within the exclusive jurisdiction of the provinces. I would refer the minister to the case of Attorney General of Quebec *v.* Reed, reported in 10 Appeal Cases, 141. In that case the privy council was quite clear on the point. I should like to quote from the judgment at page 144 as follows:

> One of the things which are to be within the powers of the provincial legislatures—within their exclusive powers—is the administration of justice in the province, including the constitution, main-

tenance, and organization of provincial courts, and including the procedure in civil matters in the courts.

I think that is applicable to the present situation. There seems to be no doubt that questions of procedure and practice in civil matters in provincial courts are within the exclusive jurisdiction of the provinces and therefore we have no right to pass statutes which invade those exclusive provincial rights. I should like to quote now from Lefroy's "Legislative power in Canada" at page 293, where reference is made to the judgment in McKilligan *v.* Machar, wherein Killam, J. said:

The provincial legislature has the authority to regulate the administration of justice in the province, including procedure in civil matters in the courts.

I do not take issue with the power of this parliament to pass this legislation, but I have been unable to find any other statute of a similar nature where parliament went as far as it undoubtedly is the intention to go under section 22, namely to prescribe rules of practice and procedure in respect of proceedings taken in provincial courts, including provisions with respect to fees and costs.

In the privy council case which I cited this very question was dealt with *inter alia.* The Minister of Justice may have some authority, a later decision, to which he can point where this privy council case was overruled. If so I shall be delighted to have the authority on which his law officers are now proceeding; but so far as I have been able to find out I am very dubious whether we have the power to pass such regulations as are provided by section 22. It may be that the minister has some authority. It may be that he has cases. It may be that he will say that the section should go through, but I am sure it will mean an appeal if this parliament attempts to pass regulations to govern the rules of practice and procedure in provincial courts.

Mr. Garson: I thought I understood my hon. friend to suggest a few moments ago that we should prescribe rules of practice with regard to the discovery of documents and the like in provincial courts. But if his actual position is that he is opposing any enactment of this sort in the present bill, I would point out to him, as authorities, that the same thing has been done in the Bankruptcy Act, the Companies Act, the Farmers' Creditors Arrangement Act, the Canadian Citizenship Act and the Canada Elections Act, to name only five. I apprehend that as long as the provision which is included in the federal statutes is properly ancillary to the carrying out of the pith and substance of the act which itself falls within federal jurisdiction, it is intra vires under the Canadian constitution.

Mr. Green: Is the position not a little different here? The minister's basic plan is to allow these cases to be tried in the county courts in the same way any other case might be tried in those courts. Why not let the provincial rules applicable to those courts apply? The minister has referred to the Canada Elections Act, the Canadian Citizenship Act and two or three others, but those deal with subjects that do not come under provincial courts in any other way than by virtue of the federal statute. Here we have an entirely different situation in that the minister is opening the door to lawsuits in the provincial county courts. Why not let them be lawsuits of exactly the same type and governed by the same rules as the lawsuits which are brought in those courts at the present time?

Mr. Garson: I am in complete agreement with my hon. friend. I indicated a few moments ago that as long as the provincial rules of procedure are adequate there would be no disposition upon our part to change them. But it may be, having regard to the rather wide list of new causes of action which are provided for in the present statute, that in certain provincial procedural statutes there will be a gap that requires to be filled. In that event, and only in that event, would we want to invoke this clause which my hon. friend will see, if he will read it, says that the governor in council "may" make regulations. We do not have to make them, and I can assure him so far as I am concerned as Minister of Justice that we will not make any at all unless it is necessary.

Speaking only for myself, my disposition would be that if we were going to make any such regulations we would certainly write to the provincial attorney general and confer with him as to the necessity. Perhaps it would be possible for him to change his own rules to accommodate the point we had in mind. In other words, as the hon. member for Vancouver-Quadra has suggested we would very much prefer, for obvious reasons, that in any proceedings taken in provincial courts under this present statute we should abide by the rules of those provincial courts.

Mr. Green: Why not delete clause (a) and depend on clause (e) to meet that situation? It is wide enough to cover anything that is required. Then you get away from the very broad wording of clause (a) which in effect says that the governor in council can step in and prescribe rules for the county courts in

British Columbia, Ontario or anywhere else. I think that is an unnecessarily wide provision.

Mr. Garson: In the light of the explanation I have just given surely there is no harm, when we are bringing in a wide list of new causes of action against the crown that have not been used before and to which the provincial rules may not be closely applicable, in taking this power which we may not and which I hope we shall not exercise. It is there if we require it. If we do not require it we certainly will not use it. I do not see how it can possibly do any harm.

Mr. Green: The statute does not set up any new causes of action. All it does is to make the crown subject to certain causes of action that have been in existence for a long time.

Mr. Garson: Of course it all depends upon how one looks at it, but I do suggest to my hon. friend that there are a number of sets of facts which arise in Canada in which the crown, upon the passage of the bill, would be involved as defendant. In each of these cases there is no cause of action now. Hence, with all deference, I would suggest that we are creating causes of action.

Mr. Green: But they are similar to causes of action against private individuals.

Mr. Garson: Oh, yes, but never against the crown until the present time.

Mr. Robichaud: The minister has sought to place me in a dilemma by making reference to my previous remarks concerning the advisability of embodying in the statute provisions for the discovery and inspection of documents. But may I say to the minister that when I made my first suggestion before we got through with part II I did so with the intention of finding out exactly what the minister's position was in regard to my suggestion. I submit now that by passing the regulations provided for in section 22 the minister will, in my humble submission, certainly be invading the exclusive rights of the provinces to prescribe rules and regulations as far as practice, procedure and other matters are concerned.

Section agreed to.

Sections 23 to 25 inclusive agreed to.

The Chairman: We shall now revert to section 4 which was allowed to stand. Hon. members will recall that subsection 4 of clause 4 was allowed to stand for the purpose of possibly moving an amendment.

Mr. Garson: Yesterday when this clause was before the committee the hon. member for Eglinton referred, as hon. members will recall, to the provisions of what we take to be the Ontario municipal act calling for the giving of notice in cases of claims against municipalities. He suggested, if I understood him correctly, that the provision which was applicable in the province of Ontario might be made applicable here rather than the wording which we have employed. We have examined the provision in question. I have no hesitation, Mr. Chairman, in accepting it. I might suggest that we add a new subclause to clause 4 of this bill in the terms of the Ontario section, and then have it passed. Might I read the Ontario section:

> In the case of the death of the person injured, failure to give notice shall not be a bar to the action and except where the injury was caused by snow or ice upon a sidewalk, failure to give or insufficiency of the notice shall not be a bar to the action, if the court or judge before whom the action is tried is of the opinion that the corporation in its defence was not prejudiced by the want or insufficiency of the notice, and that to bar the action would be an injustice, notwithstanding that reasonable excuse for the want or insufficiency of the notice is not established.

In other words the claimant, even although he cannot establish a reasonable excuse for not having given the notice, will nevertheless have a claim if the court or judge before whom the action is tried is of the opinion that the corporation, in its defence—in our case it would be the federal crown—was not prejudiced by the want or insufficiency of the notice, and that to bar the action would be an injustice. Might I suggest that we have that put into the form of a new subclause to clause 4 of the bill.

Mr. Green: Mr. Chairman, may I suggest to the minister that he delete that exception which refers to snow or ice. I doubt very much whether that provision is in the Ontario statute. Of course I do not know whether or not it is, but it does seem to be an unnecessary restriction. Why not leave it to the judge in any case to decide whether or not relief should be given against the failure to give notice within seven days?

Mr. Garson: I think my hon. friend will agree that if the judge is going to decide something, you have to give him some criteria upon which to base his decision. The criterion which is stated here is that the crown has not been prejudiced in its defence by the failure to give that notice within the prescribed period. What we are doing here is really meeting my hon. friend's view that he has just expressed. It is hardly fair to the judge to leave it completely in his discretion. He has to have some standard upon which he can judge whether or not it is proper or not to grant the relief.

Mr. Green: Why not leave it to the judge instead of putting in the exception for snow or ice? As I pointed out to the minister last evening, I had a person come in to see me whose wife had been injured because of the ice on the sidewalk in front of the immigration office at the border below Vancouver. The wife was quite seriously hurt, and the husband was very worried about her. She was taken to hospital and there was great concern about her. If I remember correctly this man did not come to the office until one week had elapsed, so that under this provision the judge would have no power to exempt him from the provision requiring the seven days' notice because the wording refers to snow and ice. I think the matter should be left to the discretion of the judge. Surely we can trust our judiciary that far, without saying that when the accident was caused by snow or ice they have no right to give further time. I am sure the Prime Minister would agree that that is an unnecessary restriction.

Mr. Garson: This section was before the committee yesterday, and the hon. member for Eglinton took exception to the section upon the ground that there was no saving subsection such as the one I have just quoted which would protect the claimant in cases such as the one to which my hon. friend has just referred. The hon. member for Eglinton referred to this provision in the Ontario statute. I understood him to say that he regarded that as something which should be in this bill. As I have said, in an endeavour to meet the views of the opposition in a reasonable way, we have examined the Ontario section and we are offering to adopt it.

Now the hon. member for Vancouver-Quadra says he wants to improve on the Ontario section to some extent. I wonder if we might not leave the matter as it is. If any difficulty develops under it, then we could consider amending it again. From the fact that this provision has been in the Ontario act I would assume that it must have been found to be fairly satisfactory or there would have been public opinion in favour of changing it.

Mr. Green: The hon. member for Eglinton did not disagree with me last night at all. We were both asking that the exception of an accident arising from snow or ice be deleted. No suggestion was made by the hon. member for Eglinton that he agreed there might be such an exception. I would suggest that we give the trial judge the right to decide whether or not notice has been given within a reasonable time, rather than putting in that restriction against the type of claim arising from snow or ice. I have given the minister one example which I have had in my own practice where it would be absolutely unfair to deny these people the right to claim because they did not file within the seven days. All I am asking is that the minister take out the words excepting snow and ice.

Mr. Garson: My hon. friend is well aware of the reason for their inclusion in the Ontario statute or in similar statutes of that nature. Where the damage arises from a condition of snow or ice, unless the defendant is acquainted with the condition which is alleged to have caused the injury the defendant has no opportunity at all of examining what is essentially an ephemeral condition. It is gone in a short time. Then the defendant is entirely at the mercy of the plaintiff as to what the condition was. The condition has passed away, and the defendant is handicapped in making his defence.

I am sure the provision in the Ontario statute was put there not because of any unfairness on the part of the Ontario legislature or the Ontario municipalities, but because the need for it in cases of that kind was recognized. I agree with the hon. member for Vancouver-Quadra that the hon. member for Eglinton, like himself, was not at all enthusiastic over this provision about snow and ice. As I understood it, though, he did not have this section with him. He was advocating that we consider it. We have looked it up, and we are quite prepared to adopt it to meet the suggestion he made.

Mr. Green: You see, the case I have mentioned could have been decided by a judge because in that case an immigration officer was right there and knew about the accident within a minute after it happened. The crown would not have been prejudiced in any way if it had not had notice within seven days. Now, this case would come before a judge, and the judge would say, "Well, the crown has not suffered because notice was not given within the seven days." He would allow the suit to continue. If the minister puts in this restriction, this suit is automatically wiped out because it arises out of snow and ice. I suggest that is going too far. I would ask the minister to take out those words and leave it to the trial judge to decide in every case.

Mr. Robichaud: May I ask the minister the length of notice required under the Ontario municipal act?

Mr. Garson: Under the Ontario municipal act it is seven days.

Mr. Robichaud: The hon. member for Eglinton after having proposed this saving clause

also said this, and I am quoting from page 3335 of *Hansard:*

I would urge on the minister that even with such a saving provision, a period of seven days is still too short.

If the only obsession in the minister's mind now is the possibility of a case arising from slippery conditions due to snow or ice, my submission would be just the contrary. By this I mean that seven days is too long. You should make it seven hours if that is the only thing in the way. I am certainly in accord with the suggestion made by the hon. member for Vancouver-Quadra to eliminate this notice in the case of snow and ice, because in my province if it is seven days or even seven months, it is all right; but in some places, for slippery conditions, seven days is far too long. Why not eliminate the snow and ice condition entirely in the proposed amending subsection?

Mr. Macdonnell (Greenwood): Surely the hon. member for Gloucester has exploded the unreasonableness of the exception for snow and ice because, as he says, if you have conditions of snow and ice, seven days is far too long, exactly as he says. I think he shows the unreasonableness of the exception.

Mr. St. Laurent: The unreasonableness of asking to accept what is in the Ontario legislation?

Mr. Macdonnell (Greenwood): We have a high opinion of Ontario, but they are not always perfect.

Mr. Abbott: There are too many sea lawyers around here.

Mr. Garson: With great deference to my hon. friends on the opposite side who have just spoken, I suggest that in matters of this kind great consideration should be given to the experience of municipal administrators over a period of years. These provisions that appear in municipal statutes do not get there because some person has had an abstract idea. They get there because they are based upon the experience of the municipalities over the years.

What my hon. friends—I think somewhat unreasonably—are asking is that in a statute which is creating a wide list of new causes of action against the crown we should, without any experience upon which to base our provision in the statutes, adopt a wording which is much more onerous upon the crown than that which is provided by the Ontario legislature for the municipalities of that province. I think where we are making the considerable concessions that are being made in this statute, it is surely reasonable that we should adopt in this section the same sort of provision which has prevailed in the Ontario statutes for some years and apparently has been found to be consonant with public opinion generally.

The Chairman: I might ask for the amendment so that it can be put. Mr. Fournier (Hull) moves:

That subsection 5 of clause 4 be deleted and the following substituted therefor:

(5) In the case of the death of the person injured, failure to give the notice required by subsection (4) is not a bar to the proceedings, and, except where the injury was caused by snow or ice, failure to give or insufficiency of the notice is not a bar to the proceedings if the court or judge before whom the proceedings are taken is of opinion that the crown in its defence was not prejudiced by the want or insufficiency of the notice and that to bar the proceedings would be an injustice, notwithstanding that reasonable excuse for the want or insufficiency of the notice is not established.

Amendment agreed to.

Mr. Robichaud: I quite agree with the minister that this is a new act, but I cannot understand why they should go to the Ontario municipal act to find the terminology for the proposed saving clause. After all, if they want some precedent for terminology or phraseology in this act or the provisions thereof, they have something right in Ontario, in chapter 78, which is an act respecting proceedings against the crown which is well drawn, in my submission. There is no similar provision in the Ontario act, which was only adopted last year, making an exception for snow or ice or slippery conditions. Neither is there a similar provision in the English act. I do not know why we should look to the Ontario municipal act to put this saving clause in section 4 of our act.

The Chairman: Since the amendment is an addition to subsection 4, subsection 4 therefore should be carried. Shall subsection 4 carry?

Subsection 4 agreed to.

Mr. Higgins: Just one question. In the last sentence of the explanatory note, I find this language:

It is felt that the crown should not be prejudiced by claims after an opportunity for investigating is gone.

I have a question arising out of that section. Will the minister say what month in the year he would regard as being "before the snow flies"?

Mr. Garson: I think that is a question which answers itself.

Mr. Abbott: *Res ipsa loquitur.*

The Chairman: Shall section 4 carry?

Section agreed to.

Title agreed to.

Bill reported, read the third time and passed.

NORTH PACIFIC FISHERY

INTERNATIONAL CONVENTION FOR HIGH SEAS FISHERIES

Hon. Alphonse Fournier (for the Minister of Fisheries) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure providing for the approval and confirmation of the international convention for the high seas fisheries of the north Pacific ocean, signed by Canada, the United States and Japan, in Tokyo, on the 9th of May, 1952, and for carrying out Canada's obligations under the convention.

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

Mr. J. Watson MacNaught (Parliamentary Assistant to the Minister of Fisheries): Mr. Chairman, the international convention for the high seas fisheries of the north Pacific ocean was drafted at a tripartite fisheries convention held in Tokyo in the fall of 1951. This conference was attended by delegations representing the governments of Canada, Japan and the United States.

The Canadian delegation was made up of the recent minister of fisheries, Hon. Mr. Mayhew, the hon. member for Skeena (Mr. Applewhaite); the deputy minister of fisheries, Mr. Bates; the legal adviser of the Department of Fisheries, Mr. Ozere; a representative from the external affairs department, Mr. Menzies; John L. Hart, director of the Pacific biological station; and John M. Buchanan, representing the fishing industry of British Columbia. Japan was given an ad hoc sovereignty by the supreme command of the allied forces for the purposes of negotiating the convention. Upon the coming into force of the Japanese peace treaty, the convention was signed on behalf of the three governments on May 9, 1952.

The convention is made in respect of fishing in the high seas of the North Pacific ocean. Territorial waters are excepted and claims to territorial waters unaffected.

The principal provisions of the convention relate to agreement on the part of each of the three contracting parties to abstain from fishing in the high seas outside the territorial waters for any stocks of fish which are (a) under scientific management, (b) legal regulation, and (c) fully exploited by one or two of the contracting parties. Under these provisions Japan immediately agreed to abstain from fishing for salmon, halibut and herring on this side of the Pacific ocean. These three species constitute the backbone of the fishing industry in British Columbia. We have agreed to abstain from fishing for red salmon in certain areas of the Bering sea, where our fishermen have never conducted any fishing operations, and where the United States have developed the salmon fishery without our participation.

By way of exception to these general principles, under which each of the parties agreed to abstain from exploiting the resources conserved and developed by one or two of the other parties, the treaty recognizes that, because of intermingling of fish and fishing operations, and because of joint conservation programs, neither Canada nor the United States would be asked to abstain from the exploitation of the fishery resources on this side of the Pacific from the gulf of Alaska southward. This exception is of particular interest to Canada, since our fishermen have not historically established fishing operations along the greatest part of the coast of the United States, including Alaska; whereas United States' fishermen have been fishing in the high seas off our territorial waters in many areas along the coast of British Columbia, and therefore could not be asked to abstain because of this historic exploitation.

Subject to these exceptions, any other stock of fish that in the future meets with the three conditions of full exploitation, scientific management and legal regulation may be included in the annex of the treaty, and the party or parties which have not participated in this exploitation may be asked to abstain from future exploitation.

The treaty provides for the establishment of a commission composed of representatives of the three countries, whose functions will include determination of whether any stock of fish qualifies for abstention under the principles of the convention. The commission would also decide whether any joint conservation measures are required in respect of any stock of fish exploited by two or all of the contracting parties. In case only two countries are interested in a certain fishery, the representatives of the two countries concerned would alone make the necessary recommendations; otherwise the recommendations of the commission are to be unanimous.

The commission has no regulatory powers, but only the power of making recommendations which can only become effective if agreed to by the governments of the three countries. Each government is to pay the expenses incurred by its national section. Joint expenses are to be paid in the form and proportion recommended by the commission

and approved by the three governments. Search and arrest of fishing vessels on the high seas, operating contrary to the provisions of the convention, are agreed to. Such vessels when seized are to be turned over to the country to which they belong for trial and punishment. This procedure is in line with the procedure now provided for in our two treaties with the United States on salmon and halibut.

The convention will enter into force on the day of exchange of ratification and will remain in force for ten years, and thereafter one year from the day on which any party gives notice of termination. The treaty has already been ratified by the government of the United States and approved by the diet of Japan, and it is thought desirable that it should be ratified by the government of Canada as soon as possible.

By a protocol to the convention the commission shall, as soon as possible after its establishment, investigate the waters of the convention area to determine if there are areas in which salmon of United States, Canadian and Asiatic origin intermingle, and recommend suitable lines of demarcation in place of the provisional line now agreed upon.

The convention was referred to the standing committee on marine and fisheries for study. The committee on June 10, 1952 unanimously recommended that the House of Commons approve the convention. Implementing legislation will be required to carry out Canada's obligation under the convention. This resolution envisages such implementing legislation.

Mr. Pearkes: Mr. Chairman, as the parliamentary assistant has said, this convention was examined carefully in the standing committee on marine and fisheries a year ago. It is therefore not the intention to have a protracted debate at the resolution stage here. But in view of a certain amount of misunderstanding which existed on the west coast, and a good deal of controversy which took place, I would appreciate the opportunity of making a few remarks on this subject.

It was considered by many people that it would have been preferable to have included this convention in the general peace treaty, but we learned in the committee that that was not considered either practicable or desirable when the Japanese peace treaty was being drawn up at San Francisco, and the committee accepted the explanations which were then given. As a result of the impossibility of the inclusion of special fishery clauses in the general peace treaty, this tripartite treaty or convention was drawn up.

I understand that the convention is aimed in general terms at the conservation of fisheries resources in a very large area of the Pacific ocean, with special treatment for a limited period of time, namely eleven years and one day, or longer, to fisheries which are being fully exploited and are already subject to conservation methods, as has just now been described by the parliamentary assistant.

Japan is excluded, in certain sections of the high seas off the coast of the United States territory of Alaska and British Columbia, from fishing salmon, herring and halibut for the period described. Canada and Japan have agreed to abstain from fishing salmon which originates in the waters of the rivers of Alaska flowing into the Bering sea.

One unique point regarding the fisheries on the west coast is that, historically, Canada and the United States have been the only powers which have fished in the high seas off the west coast of Canada. I do not think there is any recorded incident in which a foreign fishing vessel, other than those of the United States, has fished off the west coast of Canada. Of course, in the past Japanese fishing vessels have been off the Alaska coast, in the Bering sea. But fear exists among many people in the industry that this immunity may not last forever and that, owing to the rapid development in fishing vessels, including the increase in their size, it may be that foreign fishing fleets will come to the high seas off the coast of British Columbia in the not too distant future.

It is known that at the present time Japan has trawlers to a gross tonnage of 664 tons, and that they have modern steel clippers that they use in their fishing industry. But Japan is not the only country developing fishing fleets ranging over the ocean for thousands of miles, and so there is the fear that not only may Japanese fishing fleets come off our coasts, but also the fishing fleets of other nations who border on the Pacific ocean.

For many years we have spent a great deal of money and effort in the conservation of our fish. I say "our" fish because I mean our Canadian fish, our British Columbia fish, the fish born and bred hundreds of miles up the rivers of my province. And then the salmon, having spawned, work down the rivers and pass out through our territorial waters into the high seas. In the majority of cases they have to pass through waters surrounded by Canadian territory for some considerable distance before they actually get into the ocean. Naturally I refer to such passages as the strait of Juan de Fuca and Hecate strait between the Queen Charlotte islands and the mainland of British Columbia.

North Pacific Fishery

I think it is appropriate at the moment to call attention to the importance of the fishing industry to the Japanese nation, as it is indicative of her interest in that industry not only at the present time but also in years to come. In pre-war days—and I am referring to the time before world war II—the Japanese fleet was catching from 3 to 5 million tons of fish each year, and that country was exporting about a million tons. During the war, of course, her fishing activities were very much restricted, and were confined to fishing close to the islands of Japan. Her export trade was completely cut off.

After the war, beginning in 1951, although still under certain restrictions placed upon her by the occupying powers Japan did carry out extensive fishing operations. She was encouraged to do so. Her total catch that year was 3,500,000 tons. In 1952 she increased that catch by at least 20 per cent. I have here a report from *World Fishing*, a trade magazine of the United Kingdom dealing with fishing, which has this to say about Japanese endeavours at the present time:

> Japan is apparently losing little time in making use of her new fishing freedom. Plans reported to be under consideration for 1953 include five or six salmon expeditions involving 200 catchers, further whaling operations, a crab expedition, a trawling venture (chiefly for cod) employing five boats and a fish carrier, and a fish-meal factory ship expedition with 25 catchers.
>
> Japan is already looking far afield for possible extensions to her fishery activities.

It is the fear of the extension of those fishing activities by Japan and by other countries that looms over the fishermen of British Columbia. They have expressed considerable disappointment that an opportunity was not taken, when the convention was prepared, of defining in article I more clearly what our territorial waters are, because this treaty deals with the high seas and of course the high seas come right up to where our territorial waters may be.

In Scott's "Law and Customs of the Seas", which is a textbook of the Royal Canadian Navy, navigable waters of the world are divided into internal waters, territorial waters and the high seas. This classification begins on the landward side and requires of course two lines, one demarking the division between internal and territorial waters, and the other defining the line between territorial waters and the high seas. Quite obviously the internal waters of a state comprise all those waters, salt or fresh, which lie on the landward side of the line dividing the internal waters from the territorial waters. This will include all rivers, fresh lakes, harbours and the like.

A well-known authority, Mr. V. K. Johnston, who wrote a quite complete article in the British Year Book of International Law a few years ago, sets out the claims of Canada to certain waters, particularly Hudson bay. The waters of Hudson bay are controlled by Canada, and Canada has laid claim for many centuries to those waters as being internal waters of Canada. That claim has been established in the statutes of Canada. Other countries have done the same. Japan had claimed the Inland sea as her own internal waters. Russia has claimed the White sea. The United States has claimed Chesapeake bay. Those are just some examples of the claims that have been made to internal waters.

Many plans have been suggested for the drawing of a base line to indicate the territorial waters. As far as Hudson bay is concerned, that bay is 1,000 miles long by about 600 miles wide. This huge expanse of water is joined to the Atlantic ocean by Hudson strait, another stretch of water some 500 miles long and 46 miles wide. In 1906 the government of Canada placed a measure upon the statute books claiming the waters of Hudson bay to be territorial waters of Canada.

I cite that as an instance of what Canada has done in the past in the way of claiming a wide stretch of salt water which is connected to the Atlantic ocean. On the west coast we have not had the continued incidents of foreign countries fishing off our coast, but we feel that the time has come when steps should be taken to declare that the waters between the Queen Charlotte islands and the mainland, through which fish born in the waters of British Columbia must pass to get to the Pacific ocean, should be declared to be territorial or internal waters.

We believe that that can be done now, and we regret that it was not included in this convention. There should have been a clear definition claiming for all time, not just for ten or eleven years, that Hecate strait constituted territorial waters of Canada and that Japan should be prohibited for all time from fishing for salmon, herring, halibut or any other fish in those Canadian waters.

We recognize the historic right of the United States to fish there. For years United States fishermen have been fishing in these waters and have observed and will continue to observe the conservation regulations which we have laid down for the protection of our fish. But that does not necessarily apply to Japan or other countries bordering on the Pacific ocean. We feel that this convention should have afforded an opportunity

to establish those waters as Canadian territorial waters. Even if that were not done, we feel that for all time there should have been a claim made by Canada to preserve the salmon, halibut, herring and other fish that inhabit those waters.

It is not unusual for countries to claim fishing preserves or rights over certain waters of the high seas outside of their own territorial waters. For instance, the United Kingdom has laid claim to the oyster beds in St. George's channel, which are more than 20 miles from the coast. The United Kingdom claims that she has certain fishing rights there and she exercises certain regulations over the breeding and harvesting of those oysters. In the same way sponge fisheries off the Tunisian coast are specially protected although they are well outside territorial waters. Similarly, fishing and conservation regulations have been made by Mexico and some of the South American republics.

I am not going into the question of how a base line should be drawn, but we do have the example of Norway. That nation recently made the decision to draw a base line from point to point, some points being 40 miles distant. These fixed points were on headlands, small islands and rocks stretching up the whole length of the west coast of Norway. We feel it is high time that steps were taken to declare Hecate strait as Canadian waters, and to say that we have the right to conserve our fish in those waters.

I understand that a committee has been set up and is going into the whole problem, and also that this matter will be referred to a committee of the United Nations which is discussing the question of territorial waters. I repeat that we regret that opportunity was not taken when this convention was drawn to define clearly where our territorial waters were on the west coast and establish once and for all our right to the fish which breed in Canadian waters and pass through Hecate strait and other waters surrounded either by the shores of the mainland of Canada or islands off the west coast.

If Canada can lay claim to the vast area of Hudson bay, surely she has the right to claim Hecate strait which is also surrounded by Canadian territory. Hecate strait is an insignificant piece of water when its size is compared with Hudson bay and Hudson strait. The strait is not more than 30 or 40 miles wide at the widest point between the mainland and the Queen Charlotte islands.

Those are the objections we have to this convention. We do not feel that we can go so far as to object to its ratification, but we do urge that the committee which has been set up to deal with territorial waters should proceed with the utmost dispatch and try to reach an agreement with the other countries concerned so that now, before it is too late, before foreign fishing fleets come off our shores, all nations will know that Canada claims that sheet of water.

Resolution reported, read the second time and concurred in.

Mr. Fournier, Hull (for Mr. Sinclair) thereupon moved for leave to introduce Bill No. 293, to implement the international convention for the high seas fisheries of the north Pacific ocean.

Motion agreed to and bill read the first time.

POST OFFICE ACT

AMENDMENTS RESPECTING CONTRACTS FOR CONVEYING MAIL

The house in committee on Bill No. 107, to amend the Post Office Act—Mr. Cote (St. Jean-Iberville-Napierville)—Mr. Beaudoin in the chair.

On section 1—*P.M.G. may contract where amount $1,000 or less.*

The Chairman: I might point out that this bill was carefully considered by a special committee appointed to consider it, and was reported to the house without amendment.

Mr. Pearkes: May I have a copy of the bill?

The Chairman: I am informed that if the hon. member looks in his file of bills he will probably find Bill No. 107, to amend the Post Office Act. In any event I am asking the officers of the house to have additional copies of the bill distributed.

Mr. Graydon: I should like to ask a question on clause 1. I did not have the privilege of sitting on the committee. I noticed in the committee's reports that some effort was made to have the rural mail couriers appear before the committee. It did not seem to me that a very courageous attempt was made to get them, but it appeared that the committee had asked one of the regional presidents, Mr. Webster of Acton, to come. I know that he has not been very well, and I have no doubt that is the reason he did not appear. Was any real effort made to get these people before the committee?

Mr. Cote (St. Jean-Iberville-Napierville): As a matter of fact Mr. Webster was contacted by telephone. First he said he would try to come, but he also said that he was sick. When he was called the day after he said he could not come, that he was sick and that he had no substitute. He said he would send a telegram. We had received from Mr.

Webster, as the representative of the association, an itemized statement of his views as to what he considered should be included in the bill, and the bill met almost exactly what he had requested. Two letters from Mr. Webster were filed in the committee. My hon. friend may want to know the details, and I might read one of those letters. It reads as follows:

> On behalf of the rural mail couriers of Canada may I express our thankfulness for introducing a bill mentioned in the press of today, that will give you the authority to again increase the wages of deserving couriers without them having to throw up their contract and re-tender. We trust that this will in no way interfere with the committee under discussion to study rural mail for a Canada-wide survey that satisfied couriers can only exist when they receive some equality of payment according to the amount of work involved.
>
> For some time now statistical price records have changed very little and yet at the same time labour is asking and receiving substantial increases dating well into the future. This too is in the minds of many couriers, especially among the lower contracts. For example—a four to five hour day, furnishing all equipment and supplying gas, etc., for $3. This is not an isolated instance either. Again we say "thank you" as we look forward for something better for our rural mail couriers.

That letter is signed by S. H. Webster, secretary of the rural mail couriers' association.

Mr. Graydon: That is in the committee's proceedings?

Mr. Cote (St. Jean-Iberville-Napierville): It was filed in the committee. Then there is another short letter. I do not like to impose unnecessary repetition on the committee, but I may tell my hon. friend that we had in mind that they should be consulted and they were invited to come down. From what I have read in their letters, and from the conversation Mr. Webster had with the chairman of the committee, I presume that he is quite satisfied with what has been done.

Mr. Black (Cumberland): I am in a similar position to the hon. member for Peel. I was not a member of the committee, and I have not been able to familiarize myself with its deliberations. I have had representations from quite a number of couriers in my constituency and in Nova Scotia generally. I am interested in the letter the minister has just read. I understand that Mr. Webster is dominion president of the couriers' association?

Mr. Cote (St. Jean-Iberville-Napierville): Secretary.

Mr. Black (Cumberland): I should like to know if any representatives of the couriers of Nova Scotia and the maritime provinces generally appeared before the committee. I know that as an organization and as individuals they have been very much concerned about the deliberations and recommendations of the committee. Was there direct representation from the maritime provinces or from Nova Scotia; and did the department, having in mind the long distance they would have to come and the time they would be here, make any proposal to them to defray their expenses so they might give evidence in this matter that affects their interests?

Mr. Cote (St. Jean-Iberville-Napierville): I do not know of any representations having been made by the people mentioned by my hon. friend. I may tell him that Mr. Webster said, in a telegram which was also filed in the committee, that he was representing all the couriers of Canada, and I presume that their problems are to a certain extent basically the same.

Mr. Dinsdale: I had the privilege of serving on the committee and I can substantiate broadly what the minister has said. It is my impression that Mr. Webster indicated that he was going to submit a brief on this matter which was to be considered by the committee as soon as it was available.

Mr. Cote (St. Jean-Iberville-Napierville): When Mr. Webster was first contacted he said that since he could not come he would send something. I think he was invited to send a brief. But the next day, since he was also unable to prepare a brief, he said it would be all right to go ahead with the bill if all members of the committee agreed to do so. I take it from the information I have received that he himself decided not to send a brief.

Mr. Cruickshank: I also served on that committee, and I think it was my understanding, like the hon. member for Brandon, that we would have a brief submitted by Mr. Webster. I have no recollection of that being changed by wire or otherwise to the effect that he was not going to submit a brief. I do not think it is in the evidence that he said he was satisfied.

Mr. Cote (St. Jean-Iberville-Napierville): I have received my information from the chairman of the committee. He told me that Mr. Webster first talked about a brief that he would send, since he could not come down because he was sick.

The Chairman: Are we not going outside what should be the limits of discussion here at the moment? I do not want to curtail the discussion, but it seems to me that to argue what should have taken place in the committee, or what did not take place, is going too far away from what has been

allowed by practice in the general discussion on section 1.

Mr. Black (Cumberland): We have had a report by this special committee, and it is upon their findings that this legislation is being recommended. As I gather from the report the minister makes to us tonight, Mr. Webster, acting for the couriers of Nova Scotia and other parts of Canada, is satisfied and recommends this legislation which the minister is submitting to us for implementation.

Mr. Cote (St. Jean-Iberville-Napierville): I do not want to repeat what was said in the committee, but I shall be glad to refer my hon. friends to the proceedings and evidence of the committee of Wednesday, March 18 and Thursday, March 19, pages 36 and 58. They will find there the answer to the questions they have asked in this house.

Mr. Graydon: Mr. Chairman, if we are going to try to put this discussion on a regularized basis, then I should like to see the report of the committee if the minister has it. The minister shows me the proceedings and evidence. What I want is the report.

Mr. Cote (St. Jean-Iberville-Napierville): I might explain now that the committee is still sitting and considering that part of its reference dealing with the general administration of rural mail. The bill itself has been reported without amendment, and I might add that it was a unanimous report.

Mr. Graydon: Where is the report so we could have it?

Mr. Cote (St. Jean-Iberville-Napierville): It is the bill itself.

The Chairman: Perhaps I might say that before me on the table is the report of the committee, which is the bill; that is all we have before us.

Mr. Brooks: As I listened to the debate my understanding was that Mr. Webster was supposed to appear before the committee. He was ill and did not do that, and did not submit any report. I have heard the hon. member for Fraser Valley, who was a member of that committee, and also the hon. member for Brandon both say they understood that Mr. Webster or someone else was supposed to appear before the committee. Evidently the committee has made a report without hearing the evidence it should have heard.

Mr. Cote (St. Jean-Iberville-Napierville): I do not want to repeat what I have said, but I may add that there might be a little misunderstanding. Mr. Webster was asked to come. He was sick at the time, and he could not come. He was hoping, though, that he would be able to prepare something to send to the committee. The next day he said that he was not only unable to come but he was unable to prepare a brief without delaying the proceedings of the committee. The position was explained by the chairman of the committee, and that appears in the pages of evidence which I cited earlier.

Mr. Brooks: Did the committee definitely understand that Mr. Webster, who represented the couriers, was satisfied with the bill?

Mr. Cote (St. Jean-Iberville-Napierville): Oh, yes.

Mr. Graydon: May I ask the genial Postmaster General one other question. If the committee is still sitting, what is it going to consider?

Mr. Cote (St. Jean-Iberville-Napierville): I think my hon. friend should recall the committee's terms of reference. They were first to consider the bill and second, to consider the general administration of rural mail service. Those are two different things. The bill has been considered and there was a unanimous report on the bill presented to this house, but the committee is still sitting to consider the second part of the reference.

Mr. Hodgson: I want to ask a question about the explanatory note which says:

—while a contract is still in force, increase the amount payable thereunder during the unexpired term thereof.

Does that mean that you can increase the amount if the contract were for, say $1,200 or $1,400?

Mr. Cote (St. Jean-Iberville-Napierville): Might I ask my hon. friend the paragraph to which he is referring?

Mr. Hodgson: I refer to the explanatory note on the opposite page to section 1, the fifth line. Does that mean you can increase the amount of the contract if it is under $1,000?

Mr. Cote (St. Jean-Iberville-Napierville): A readjustment may be made for contracts not only under $1,000 but also for contracts over $1,000. It relates to all postal contracts except those mentioned in section 29 which are, incidentally, contracts with railroads, etc.

Mr. McLure: I still cannot understand why this bill is before us when the committee appointed to consider it is still meeting and has not submitted a report. I did not receive any definite report. A committee report, to the effect that they recommend this bill,

should have come before the house and be on the record. I do not think there is any great hurry, Mr. Chairman, to put this bill through. I know this bill is going to give the Postmaster General almost absolute powers. In almost every section you will see a reference to the fact that where the Postmaster General considers it in the public interest, he may do so and so. The whole bill is made up of references to the fact that the Postmaster General shall have this power, and he may do this or he may do that.

If this committee is still in session and is going to make any recommendations at all concerning contracts, we cannot deal with this bill because it has to do with contracts more than with anything else. I cannot understand why we should pass this bill and then perhaps have the committee bring in a different report. If they did that we would have to discard this bill and work from the report which the committee made. If that is not the case, it must be an attempt to get Bill No. 107 passed and then go back to the committee and say, "We have no more use for you; close up and put in a unanimous report on everything we have done in Bill No. 107". That is not going to be satisfactory to anyone.

The Chairman: May I interrupt the hon. member, because it is a point of order upon which he is rising at the moment. He is saying we should not be considering this bill at this time. I might refer the hon. member to page 380 of *Votes and Proceedings* for Thursday, March 19, where he will read:

> Mr. McCubbin, from the special committee appointed to consider Bill No. 107, an act to amend the Post Office Act, presented the second report of the said committee, as follows:
>
> Your committee has considered the said bill and has agreed to report it without amendment.

This is the bill, which is now to be studied in committee of the whole after having gone through first and second readings.

Mr. Cruickshank: That was unanimous.

Mr. McLure: Then that is the end of the committee.

Some hon. Members: No.

The Chairman: The hon. member has a perfect right to see the chairman of the special committee, ask him to call it into session, and then make what representations he wishes to that committee, although he may not be a member of it. It is a standing practice for a member who is not a member of a standing or a special committee to ask, when the committee is sitting, that he appear before it and make his representations. But at this moment what is before the committee of the whole is a bill amending the Post Office Act; and we should be dealing not with the proceedings before the special committee but with the sections of this bill. I think hon. members will agree that so far we have heard discussion of nothing but proceedings before the special committee and that, in my submission, is entirely out of order.

Mr. Ferguson: I am not a member of this committee but, from reading this bill, I want to say that it is a step in the right direction for the rural mail carriers of Canada. Items this bill will cover have come to my attention time and time again in connection with various rural mail carriers throughout my part of the country in connection with the money they were going to receive.

If they were not receiving an adequate sum of money for the services rendered to the people in that part of the country, and if they felt that was the case, they would write to the Post Office Department, and in most cases they would have to call for new tenders. Then some person would proceed to tender who had no conception of the work involved, and he might be awarded the contract because he was able to deliver a bond or he was able to show that he had proper equipment to carry on the job. But at the end of six months or three months that man would realize that he was going to go bankrupt if he continued at that price, and then he would throw up the contract. In the meantime the man who had asked for a reasonable sum of money would have been upset and would have turned to another vocation in order to provide his livelihood. The net result would be that the recipients of the mail, the people of this country who are looking for mail delivery, would be upset and would not get the mail service to which they were entitled.

From reading this act I think I can say there is no doubt about it that it is one step in the right direction—and I want to compliment the committee—so that our mail carriers will probably get somewhere near an adequate remuneration for the services they render to the people of Canada. Further steps can be taken and improvements can be made, but definitely this bill provides for an improvement in the conditions under which these men have been working, and I am glad to see it.

Mr. Cruickshank: May I say one word in that connection. I think there are three members of the committee present. We endorsed this bill unanimously. The reason we were trying to rush it through was largely that mentioned by the hon. member who spoke previously, namely that the sooner we get it through the sooner we can do something for the underpaid rural mail carriers.

Mr. Pearkes: May I ask one question. I am not a member of the committee, but I have received a communication from a rural mail carrier who delivers mail in my own district and who is a man of considerable experience and intelligence. He asks if fair remuneration will be provided for every carrier for his services and for the use and maintenance of automobiles and other equipment as well as an added sense of security. Is provision made for the maintenance of his automobile?

Mr. Cote (St. Jean-Iberville-Napierville): All items of cost will be considered in making the adjustments.

Mr. Robichaud: I am not a member of the committee, but in my constituency I think there are a small number of rural mail carriers. Perhaps Gloucester has the smallest number of rural mail carriers of any constituency in my province of New Brunswick. I have, however, received several representations—

The Chairman: Order. I might point out generally—

Mr. Robichaud: It is just a question.

The Chairman: Yes, but if I allow the hon. member to ask a question having to do with conditions of rural mail carriers, then I will have to allow others to do so. I might refer the hon. member to page 197 of *Votes and Proceedings*. There he will find the order of reference establishing the special committee to which was entrusted the task of first considering this amending bill, and further of studying the regulations, general administration and operation of the rural mail delivery service, with power to send for persons, papers and records, to examine witnesses, to print its evidence and proceedings from day to day and so on. Therefore his problem can still be submitted to the special committee. At this moment let us examine the bill.

Mr. Robichaud: I bow to your ruling, Mr. Chairman, but my question was in line with the question asked by the hon. member for Nanaimo.

The Chairman: Yes. It was precisely because the hon. member for Nanaimo asked a question that I realized that the hon. member was going to ask a similar one; and that is why I stopped him.

Mr. Robichaud: So I am victimized.

The Chairman: Shall we pass on to section 2?

Mr. McLure: I should like to ask one question. Suppose we pass this section—

Mr. Knowles: Do you mean before the snow flies or after?

Mr. McLure: Then suppose the committee sat tomorrow, or Monday, or some day. They cannot deal with this matter any more in that committee. They cannot bring in any recommendations. They have already stated that they are not going to make any changes in or offer any criticism whatsoever of the section we are on. Is that the understanding, namely that the committee have no more work? As I said, they have now closed up.

The Chairman: Of course all I can say at the moment is that the order of reference of the special committee is right there in *Votes and Proceedings*. The chairman of the committee and the members thereof decide their own procedure. As far as they are concerned, we in the house have nothing to do with it. But what we have here before us is a bill to amend the Post Office Act. That is what we are dealing with. Shall we pass on to section 2?

Mr. Graydon: Mr. Chairman, may I say one word. Through the years I have tried to give to this rural mail problem as much constructive thought as I possibly could. Having gone over the various proposals that have been made from time to time, I must confess that I am practically driven back to the position that I do not know any other way out at the moment than that which the bill has provided.

It may be that there are other ways out, but I do not know of any. You cannot put them on a civil service basis because they will not go on it. They do not perhaps want to rout out a lot of them who are there now. You cannot leave them on a tender basis without some kind of elasticity or latitude because it is a throat-cutting job with a great many people and the result is that that is where much of the injustice has arisen. While I have been arguing and would continue to argue that we have to watch out that we do not get this on a straight patronage basis, one of the things that was interesting to me when the debate took place previously was an observation made by the hon. member for Fraser Valley. I must confess that I thought there was quite a bit in what he said.

Mr. Weir: There always is.

Mr. Graydon: I would not have thought it would be necessary to mention that. You would almost think it was the exception to the rule, but I would not agree with you on that.

Mr. Weir: I was just helping you out.

Mr. Graydon: As far as I can see, this seems about the best that can be done, at least for the time being, with regard to giving them some elasticity and some satisfaction in knowing that when they are too low in price, are not able to make any money, and are running on starvation rates, the minister can do something for them. That is really the agreeable part of it. It may be that we shall run into many difficulties with this new system. I do not know; but at least it is important that we try it out to see if it will work.

At the same time I should like to caution the minister. He will have to watch that it does not get into the position where it is a straight patronage matter on rural mail routes, not only for the sake of party advantage to anybody but for the sake of the Postmaster General himself. He would be put in a very invidious position if it got into that situation. I am thinking too of the deputy postmaster general, whom we must always have in mind. In any event, it does seem to me that it is deserving at least of a trial, and that is why I rise to endorse it. I do not know of any other way out. If I did I would be presenting it to the committee just now.

Section agreed to.

On section 2—*Lowest tenderer to be accepted except for cause.*

Mr. Hodgson: Section 2 reads:

> Where more than one tender has been received, the contract shall be awarded to the lowest tenderer who has offered sufficient security for the faithful performance of the contract, unless the Postmaster General is satisfied that it is not in the public interest to accept the lowest tender . . .

There is a clause in the Post Office Act that says practically the same thing, namely that the Postmaster General need not give the job to a certain fellow. He may be the top man in the competition for a post office job or even for the job as courier, but the Postmaster General need not give him that job. There is a clause in the act which says "for cause". This has happened twice in my riding, and it was absolutely nothing but the barest unadulterated patronage that was used in both cases. I do not blame the deputy postmaster general, because in one instance he was not in town. He was away on his holidays.

Mr. Cote (St. Jean-Iberville-Napierville): May I say to my hon. friend that section 2 is not changed at all except for the two words "treasury board".

Mr. Robichaud: With respect to the deliberations on clause 2, has any consideration been given to the proposition of discontinuing altogether the granting of rural mail contracts by tender and replacing that with a new system comparable to other similar postal services?

Mr. Cote (St. Jean-Iberville-Napierville): May I repeat that this section has not been changed at all except for the addition of the words "treasury board".

Mr. Higgins: If a contract is let for $1,000 what would the minister require as sufficient security?

Mr. Cote (St. Jean-Iberville-Napierville): What we mean is two guarantors, two men who will vouch for the applicant.

Mr. Hodgson: Where there are two tenders and one is lower than the other; when for cause or in the public interest the lowest tenderer does not get the job, if I go to the Postmaster General and ask what is the public interest that requires this, will he be so frank as to tell me, or will he be like an individual who said to me once before when I went to him, "Well, my officials have something to say."

Mr. Cote (St. Jean-Iberville-Napierville): My hon. friend may obtain all the information he wants. He may also ask for the production of papers, that is, papers that are not considered confidential.

Mr. Hodgson: I am glad to hear that, because that is quite a change from your predecessor.

Mr. McLure: I should like to ask a question on this clause. If the Postmaster General finds that one man's route is 15 miles and he is getting $1,000 and the next fellow has a mail route of 24 miles and is getting only $800, will he immediately say that this is not fair and raise him to $2,400.

Mr. Cote (St. Jean-Iberville-Napierville): That is precisely the purpose of the bill. The purpose of the bill is to do away with unfairness, to see that people who are suffering injustices get just treatment.

Mr. McLure: Don't start at the lowest tender, because these people have been robbed all their lives; they have been working for nothing. I should like to have some assurance that you will start at the highest-paid ones and work from there, and not from the lowest ones and work up.

Mr. Cote (St. Jean-Iberville-Napierville): I might satisfy my hon. friend by saying that the readjustment will be made in an objective way after we have received information from the Department of Labour and from our officers in the field. I do not want to give all the details, but instead of readjusting arbitrarily we shall find out what is paid for

comparable services in the same area and we shall pay an adequate remuneration to the contractors.

Mr. McLure: Comparable services in something else besides driving the mail?

Mr. Cote (St. Jean-Iberville-Napierville): Driving the mail and driving something else, perhaps. Similar work might satisfy my hon. friend.

Mr. McLure: At that rate you will not have any mail couriers at all after the first year.

Mr. Brooks: Where you are increasing the amount paid to a lot of these men who have been using worn-out equipment, will the department see to it that their equipment is brought up to the standards necessary?

Mr. Cote (St. Jean-Iberville-Napierville): We always look at all the angles. Public interest was mentioned. That is one way of expressing what we are looking for. We want to see that the taxpayers of this country receive good service, and we want the man who is giving the service to be paid adequately. To achieve that we are looking at the security, the solvency of the men and the equipment, and a comparison of the routes, the number of boxes, the length of the routes; and all these considerations will be looked into and taken into consideration in the decision we are going to make.

(Translation):

Mr. Robichaud: Before clause 2 of the bill carries may I ask the hon. Postmaster General (Mr. Cote) if any consideration has been given, when drafting the said clause, to the proposition of discontinuing altogether the granting of rural mail contracts by tender and replacing it with a new system comparable to other similar postal services, a suggestion which has no doubt been made to him.

The Chairman: Unless I am mistaken, that is the same question the hon. member put, in English, a few moments ago.

Mr. Robichaud: I received no answer when I put that question in English. I thought I might get one by putting it in French.

The Chairman: I think the hon. member will agrée that that is merely repetition.

(Text):

Section agreed to.

On section 3—*Contracts with railway, etc.*

Mr. Higgins: A lot of first-class mail is now being carried by Trans-Canada Air Lines without the additional three-cent stamp on it. Is that an additional cost to the post office or not?

Mr. Cote (St. Jean-Iberville-Napierville): I do not think that has anything to do with the bill.

Section agreed to.

On section 4—*Adjustment of contracts.*

Mr. McLure: We want a little more time on this. It is now ten o'clock, and if it is in order I will move the adjournment of the discussion, because I want to get more information and I cannot get it from the committee now. The committee is going to be defunct in a short time, and I must get it from the Postmaster General.

Mr. Cote (St. Jean-Iberville-Napierville): If my hon. friend wants to get more details I know hon. members will agree to sit five or ten minutes longer.

Mr. McLure: You can't get it in five minutes. It is ten o'clock, and I move the adjournment of the discussion.

Mr. Weir: The hon. member can stay awake another five minutes.

Mr. Herridge: We have had excellent committees studying this matter and they have brought in excellent reports. Surely we can get it through tonight for the sake of the Postmaster General, who has to leave.

The Chairman: Is it agreed that we carry on with the study of the bill?

Some hon. Members: Agreed.

Section agreed to.

Sections 5 and 6 agreed to.

On section 7—*Contracts with railway, etc.*

Mr. Black (Cumberland): Mr. Chairman, we have made fairly good progress with this bill, especially since some of us were not members of the committee. It is now after ten o'clock, and I think the hon. member for Queens was reasonable in suggesting that we should adjourn at this time and take it up again later. I do not wish to hold up the work of the committee, but I think we have advanced far enough, certainly as far as could be expected tonight.

Mr. McLure: That is right.

Mr. Cote (St. Jean-Iberville-Napierville): Mr. Chairman, I do not want to give the impression that we were anxious to pass the bill over the opposition of hon. members. However, as has been already suggested, the sooner we have finished with it the sooner we will be helping the carriers in this country.

Mr. Fournier (Hull): And may I add this. I know all hon. members are interested in this bill. We are now approaching section 8, and there are only nine sections in the bill. The ninth is the section stating when it shall come into force. If we were to adjourn the debate right now all we would be doing would be preventing its coming into force, because we have carried the other sections. Of course I understand that if someone does not want it to pass at this time, it is his right; but could we not dispose of it, inasmuch as we are approaching the last section?

Mr. Black (Cumberland): Does not the Minister of Public Works realize it is after ten o'clock, that we have now made considerable progress, and have had a long day?

Mr. Weir: But we are so near the end of it.

Section agreed to.

Section 8 agreed to.

The Chairman: Then is it agreed that we shall proceed with section 9?

Some hon. Members: Agreed.

Section agreed to.

Bill reported.

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

Some hon. Members: Now.

Mr. Black (Cumberland): Mr. Speaker, if it is understood and recognized by everybody that this bill has been railroaded through the committee and through the house, then we will all have to agree with what is being done. But so far as I am concerned I think it is very evident that there has been an effort to railroad the bill through the house.

Mr. Fournier (Hull): Next sitting.

Mr. Black (Cumberland): If it is the view of hon. members that we should pass it under those circumstances, then I presume we will have to acquiesce.

Mr. Weir: No; you can object.

Mr. Deputy Speaker: If the hon. member objects to having third reading, then I shall gladly say that third reading shall be at the next sitting.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): On Monday we shall take up—and don't be frightened; they are all small—Bill No. 227, to amend the Customs Tariff; Bill No. 226, to amend the Excise Act, 1934; Bill No. 143, to amend the Farm Improvement Loans Act, 1944; Bill No. 148, to amend the Statistics Act; Bill No. 223, to amend the Canadian Wheat Board Act, 1935; and then we have these three bills in the name of the Minister of Resources and Development, Bills Nos. 110, 230, and 109.

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

The following items were passed in committee of supply:

DEPARTMENT OF AGRICULTURE

Production service—

Health of animals—

553. To provide for the payment of compensation to owners of animals and poultry affected with diseases coming under the operation of the Animal Contagious Diseases Act, which have died or have been slaughtered under circumstances unprovided for under the above act and regulations thereunder, in the amounts detailed in the estimates. $9,660.

554. Grants to agricultural organizations, as detailed in the estimates—further amount required. $10,000.

Marketing service—

555. Subsidies for cold storage warehouses under the Cold Storage Act, and grants, in the amounts detailed in the estimates—further amount required, $19,409.

Terminable services—

Freight assistance on western feed grains—

556. Further amount required, $3,700,000.

557. To provide for quality premiums on high grade hog carcasses and administration costs—further amount required, $200,000.

Special—

558. Prairie Farm Rehabilitation Act and water storage—further amount required, $300,000.

559. Major irrigation and reclamation projects in the prairie provinces—further amount required, $250,000.

560. Estimated amount required to recoup the agricultural prices support account to cover the net operating loss of the agricultural prices support board during the fiscal year 1952-53, including authority to credit to the account the net revenue received into the agricultural products board account from the sale of New Zealand meat received in exchange for beef shipped to the United Kingdom, $32,346,000.

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

A—Department—

Indian affairs branch—

Education—

561. Operation and maintenance—further amount required, $25,000.

B—National Gallery of Canada—

562. Payment to the national gallery purchase account for the purpose of acquiring works of art, in conformity with section 8 of the National Gallery Act—further amount required, $276,000.

DEPARTMENT OF DEFENCE PRODUCTION

B—Crown companies—

563. To provide for expenses incurred by Defence Construction (1951) Limited in procuring the construction of defence projects on behalf of the Department of National Defence—further amount required, $232,016.

DEPARTMENT OF EXTERNAL AFFAIRS

A—Department and missions abroad—

564. Departmental administration—further amount required, $20,000.

B—General—

Terminable services—

565. Contribution to the United Nations refugee emergency fund, $100,000.

Colombo plan—

566. Notwithstanding section 35 of the Financial Administration Act to authorize the establishment of a special account in the consolidated revenue fund to be known as the Colombo plan fund to which shall be credited, on or after March 31, 1953, the unexpended balances on March 31, 1953, of votes 113 and 114 of the Appropriation Act, No. 4, 1952 (the amounts so credited to be a charge to those votes) and any amounts provided by parliament for the purposes of the Colombo plan; and to provide for payments out of the Colombo plan fund, in the current and subsequent fiscal years, (a) for grants and loans to governments of countries in south and south-east Asia to assist in their economic development, and for special administrative expenses in connection therewith; and (b) for technical co-operation with those countries including the engagement of services of technical and professional experts in accordance with regulations established by the governor in council, the persons so engaged to be contractors and not servants of the crown, $1.

DEPARTMENT OF FINANCE

General administration—

567. Departmental administration—further amount required for the purchase of books and other reference material for the departmental library, $4,000.

Payments to municipalities—

Grants to municipalities in lieu of taxes on federal property—

568. To provide for payments to municipalities in accordance with the Municipal Grants Act; and to provide for payments to municipalities under order in council of July 19, 1950, P.C. 3456, in respect of the cost of medical and hospital services and supplies furnished to federal employees and other persons specified therein—further amount required including authority to regard the admiralty properties in the city of St. John's, Newfoundland, as federal property notwithstanding that formal transfer of administration has not been completed, $153,856.

Contingencies and miscellaneous—

569. To authorize the write-off to consolidated deficit account of costs incurred in 1946 in engraving blank bonds in anticipation of a loan which did not materialize, $68,419.

General items of payroll costs including superannuation payments—

570. To provide for a government contribution to the superannuation fund in an amount equal to the estimated current and arrears payments of individual contributors in the previous fiscal year —further amount required, $532,715.

571. To authorize and provide for a further special government contribution to reduce the unamortized portion of the civil service superannuation account liability, $25,000,000.

Special—

572. Grant to the Canadian national European flood relief fund, $1,000,000.

630. To authorize and provide for loans to the Civil Service Co-operative Credit Society, Limited, on such terms and conditions as the governor in council may approve, $100,000.

DEPARTMENT OF FISHERIES

Field services—

Fish culture and development branch—

573. Construction or acquisition of buildings, works, land and new equipment—further amount required, $350,000.

Fisheries research board of Canada—

574. Headquarters administration—further amount required, $8,000.

Special—

575. To provide for assistance in the construction of bait freezing and storage facilities, subject to the approval of the governor in council—further amount required, $10,000.

GOVERNOR GENERAL AND LIEUTENANT-GOVERNORS

576. Office of the secretary to the governor general—further amount required, $50,000.

DEPARTMENT OF JUSTICE

A—Department—

General—

577. To provide for the revision, classification and consolidation of the public general statutes of Canada—further amount required, $34,000.

B—Penitentiaries—

Office of the commissioner of penitentiaries—

578. To authorize the establishment of a special account in the consolidated revenue fund to which shall be transferred from vote 185 of the Appropriation Act, No. 4, 1952, the sum of $92,0000 representing accrued earnings of inmates of penitentiaries, and to which shall be credited from time to time out of money provided by parliament amounts representing the daily earnings of inmates at rates of remuneration established by the commissioner of penitentiaries with the approval of the treasury board, and out of which payment may be made in the current and subsequent fiscal years, to inmates who are released, in accordance with the regulations of the commissioner of penitentiaries approved by the treasury board, $1.

LEGISLATION

The Senate—

579. To provide, notwithstanding anything contained in the Senate and House of Commons Act, for the payment of the full sessional indemnity for the sixth session of the twenty-first parliament, 1952, and full sessional indemnity to March 31, 1953, for the seventh session of the twenty-first parliament, to members of the Senate for days lost

through absence caused by public business, by illness, or on account of death. Payments to be made as the treasury board may direct—further amount required, $4,450.

580. To provide, notwithstanding anything contained in the Senate and House of Commons Act, for the payment to each member of the Senate who attended the first part of the seventh session which commenced on November 20, 1952, and ended on December 17, 1952, of an amount representing the actual transportation and living expenses of such member while on the journey between Ottawa and his place of residence after the Christmas adjournment of parliament on December 17, 1952, and on the return journey from his place of residence to Ottawa at the end of the recess which commenced on that date or at any other one time during that session, $5,500.

581. General administration—further amount required, $10,200.

House of Commons—

582. To provide, notwithstanding anything contained in the Senate and House of Commons Act, for the payment of the full sessional indemnity to March 31, 1953, for the seventh session of the twenty-first parliament, 1952, to members of the House of Commons for days lost through absence caused by public business, by illness or on account of death. Payments to be made as the treasury board may direct. Each such payment and each similar payment in a previous year, to be deemed, for the purposes of the members of Parliament Retiring Allowances Act, to be part of the sessional indemnity of the member for the session in respect of which he received it, $8,675.

583. To provide, notwithstanding anything contained in the Senate and House of Commons Act, for the payment to each member of the House of Commons, who attended the first part of the seventh session, which commenced on November 20, 1952, and ended on December 17, 1952, of an amount representing the actual transportation and living expenses of such member while on the journey between Ottawa and his place of residence after the Christmas adjournment of parliament on December 17, 1952, and on the return journey from his place of residence to Ottawa at the end of the recess which commenced on that date or at any other one time during that session, $18,000.

584. General administration—estimates of the clerk—further amount required, $59,180.

585. Estimates of the sergeant-at-arms—further amount required, $2,000.

586. To provide an amount required for defraying expenses of the Commonwealth Parliamentary Association's visit to Canada—further amount required, $7,000.

General—

587. Printing of parliament—further amount required, $25,000.

Library of parliament—

588. General administration—further amount required, $77,500.

DEPARTMENT OF NATIONAL DEFENCE

Pensions and other benefits—

589. To authorize in respect of members of the Royal Canadian Air Force on leave without pay and serving as instructors with civilian training organizations operating under the British commonwealth air training plan who were killed, payment to their dependents of amounts equal to the amounts such dependents would have received under the Pension Act, as amended, had such service as instructors been military service in the armed forces of Canada, less the value of any benefits received by such dependents under insurance contracts which were effected on the lives of such members of the Royal Canadian Air Force by or at the expense of the civilian organizations—further amount required, $1,224.

NATIONAL RESEARCH COUNCIL AND ATOMIC ENERGY CONTROL BOARD

National research council—

590. Construction or acquisition of buildings, works, land and new equipment—further amounted required, $725,450.

Atomic energy control board—

Atomic energy project (now Atomic Energy of Canada Limited)—

591. Operation and maintenance—further amount required, $310,000.

592. Construction or acquisition of buildings, works, land and new equipment, and to provide for payment to Central Mortgage and Housing Corporation for housing and other works constructed at Deep River during 1952-53—further amount required, $666,750.

DEPARTMENT OF NATIONAL REVENUE

Customs and excise divisions—

593. General administration—further amount required, $5,000.

594. Customs excise seizure expenses and adjustments—further amount required, $48,000.

POST OFFICE DEPARTMENT

595. Transportation—movement of mail by land, air and water, including administration—further amount required, $870,000.

PUBLIC PRINTING AND STATIONERY

596. Departmental administration—further amount required, $7,000.

597. Stationery branch—operation of stationery stores—further amount required, $40,000.

598. Plant equipment and replacements—further amount required, $18,265.

599. Distribution of official documents—further amount required, $6,500.

DEPARTMENT OF PUBLIC WORKS

Engineering branch—

Acquisition, construction and improvements of harbour and river works—

Construction, acquisition, major repairs and improvements of, and plans and sites for, harbour and river works listed in the details of the estimates, provided that treasury board many increase or decrease the amount within the vote to be expended upon individual listed projects—further amount required—

600. Nova Scotia ($21,000, less the amount of $20,999 available from savings in other listed projects detailed in previous estimates for 1952-53 for this province), $1.

Generally—

601. Grand river—contribution towards improvements, $23,000.

DEPARTMENT OF RESOURCES AND DEVELOPMENT

Engineering and water resources branch—

Water resources division—

Water resources division, including the administration of the Dominion Water Power and Irrigation Acts—

602. Construction or acquisition of buildings, works, land and new equipment—further amount required, $12,000.

General—

603. To provide for the expenses incurred by Central Mortgage and Housing Corporation in constructing and supervising construction of married quarters, schools and related services on behalf of the Department of National Defence—further amount required, $150,000.

DEPARTMENT OF RESOURCES AND DEVELOPMENT

631. To provide for advances to the Northwest Territories power commission for the purpose of capital expenditures under the Northwest Territories Power Commission Act, the following capital expenditures having been made from advances made to the commission in the fiscal year 1952-53 under section 17(2) of the said act: (a) Mayo river hydro electric power project, $993,000, (b) Fort Smith diesel electric plant, $7,000; an advance of $200,000 to be made for further capital expenditures in the fiscal year 1952-53 in respect of the Mayo river hydro electric power project, $1,200,000.

DEPARTMENT OF TRADE AND COMMERCE

General administration—

604. Trade commissioner service, including payment of compensation to trade commissioners for damage to and loss of furniture and effects, under terms and conditions approved by the governor in council—further amount required, $35,000.

Dominion bureau of statistics—

605. Statistics—further amount required, $99,278.

Canada Grain Act—

606. Administration—further amount required, $6,200.

Board of grain commissioners—

607. Operation and maintenance expenses, including inspecting, weighing, registration, etc.—further amount required, $350,345.

Canadian government elevators—

608. Operation and maintenance expenses—further amount required, $75,685.

DEPARTMENT OF TRANSPORT

A—Department—

Marine services—

Marine service steamers—

609. Operation, maintenance and repairs—further amount required, $60,000.

610. Construction or acquisition of vessels and equipment, as detailed in the estimates—further amount required, $6,760.

Nautical services—

611. Operation and maintenance, including grants and contributions as detailed in the estimates—further amount required, $1,145.

Pilotage service—

612. Operation and maintenance—further amount required, $28,000.

613. Construction or acquisition of buildings, works and new equipment—further amount required, $68,907.

River St. Lawrence ship channel service—

614. Contract dredging—capital—further amount required, $311,978.

North Sydney, Nova Scotia—Port-aux-Basques, Newfoundland, car ferry and terminals deficit, 1952—

615. To provide for the payment during the fiscal year 1952-53 to the Canadian National Railway Company (hereinafter called the national company) upon applications, approved by the Minister of Transport made by the national company to the Minister of Finance and to be applied by the national company in the payment of the deficit (certified by the auditors of the national company) in the operation of the North Sydney, Nova Scotia—Port-aux-Basques, Newfoundland, ferry and terminals arising in the calendar year 1952, $1,915,532.

Prince Edward Island car ferry and terminals deficit, 1952—

616. Additional amount in excess of the sum of $1,485,000 already appropriated, to provide for the payment during the fiscal year 1952-53 to the Canadian National Railway Company (hereinafter called the national company) upon applications approved by the Minister of Transport made from time to time by the national company to the Minister of Finance, and to be applied by the national company in payment of the deficit (certified by the auditors of the national company) in the operation of the Prince Edward Island car ferry and terminals arising in the calendar year 1952—further amount required, $34,767.

Maritime Freight Rates Act—

617. Additional amounts in excess of the sum of $9,910,000 already appropriated for the payment to the railway companies operating in the select territory designated by the act, during the fiscal year 1952-53, of the difference occurring on account of the application of the act, between the tariff tolls and normal tolls under approved tariffs (estimated and certified to the Minister of Transport by the Canadian National Railway Company and approved by auditors of the said company respecting the eastern lines of the Canadian National Railways, and in the case of other railways by the board of transport commissioners for Canada) on all traffic moved during the calendar year 1952 (chap. 79, statutes of 1927, as amended)—further amount required, $334,552.

General—

618. To provide for reimbursement of the Department of Transport stores account for the value of stores which have become obsolete, unserviceable, lost or destroyed, $23,799.

Air services—

Civil aviation division—

619. Control of civil aviation, including the administration of the Aeronautics Act and regulations issued thereunder—further amount required, $33,000.

Airways and airports—

Operation and maintenance—

620. Civil aviation services—further amount required, $100,000.

621. Contributions, as specified in the details of the estimates, to other governments or interna-

tional agencies for the operation and maintenance of airports, air navigation and airways facilities—further amount required, $10,000.

B—General—

Air transport board—

622. Subventions for air carriers, as detailed in the estimates, $125,000.

Canadian maritime commission—

623. Steamship subventions for coastal services, as detailed in the estimates—further amount required, $5,334.

Transport—

Air services—

632. To authorize and provide for the operation of a revolving fund in accordance with the provisions of section 58 of the Financial Administration Act for the purpose of financing the purchase of materials and supplies to be held in northwest communications system stores for use on both capital and maintenance works, the amount to be charged to the revolving fund at any one time not to exceed $125,000, of which $100,000 has already been provided under vote 559, Appropriation Act, No. 4, 1952, $25,000.

633. To provide for recoverable advances to enable extension of northwest communications system facilities between Edmonton and the Yukon-Alaska border, $130,000.

DEPARTMENT OF VETERANS AFFAIRS

Pensions and other benefits—

624. Pensions for disability and death, including pensions granted under the authority of the civilian government employees (war) compensation order P.C. 45/8848 of 22nd November, 1944, which shall be subject to the Pension Act—further amount required, $1,600,000.

Miscellaneous payments—

625. Employers liability compensation—further amount required, $700,000.

626. To authorize and provide for payment to the Poppy Fund of Toronto Incorporated of the net unspent balance of the amount of $48,000 authorized by order in council P.C. 503 dated March 16, 1937, pursuant to the Veterans' Assistance Commission Act, 1936, and paid to the honorary local committee at Toronto, $35,329.

Soldier Settlement and Veterans' Land Act—

627. To provide for the payment of grants to Indian veterans settled on Indian reserve lands under section 35A of the Veterans' Land Act, 1942, as amended—further amount required, $40,000.

Terminable services—

628. Post discharge rehabilitation benefits, including the training of merchant seamen and salt water fishermen pensioners—further amount required, $325,000.

Veterans Affairs—

Soldier Settlement and Veterans' Land Act—

634. To provide for purchase of land and permanent improvements; cost of permanent improvements to be effected; removal of encumbrances; stock and equipment; refunds to veterans (sections 9A and 19); and for protection of security under the Veterans' Land Act—further amount required, $600,000.

Loans, investments and advances—

Central Mortgage and Housing Corporation—

629. To provide for the restoration of the special account in the consolidated revenue fund established by section 35 of the National Housing Act by the amount paid out of the special account in respect of housing and land development projects undertaken jointly with the governments of the provinces during the fiscal year 1951-52, $1,500,000.

HOUSE OF COMMONS

Monday, March 30, 1953

The house met at 2.30 p.m.

RAILWAYS, CANALS AND TELEGRAPH LINES

CONCURRENCE IN SIXTH REPORT OF STANDING COMMITTEE

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

Motion agreed to.

TELEVISION

STATEMENT OF GOVERNMENT POLICY

Hon. J. J. McCann (Minister of National Revenue): In order to clarify statements which already have been made and to answer questions asked by several hon. members with reference to television, I wish to make this brief statement.

In my statement of December 8, 1952, I mentioned six centres in which Canadian Broadcasting Corporation television stations are to be established immediately, and indicated that applications would now be received for private stations to serve other areas. I pointed out that under the plan the private stations licensed would carry national program service of the C.B.C., besides having time for programming on their own. I also said, as reported at page 409 of *Hansard* of December 8, 1952:

> Since the objective will be to extend services as widely throughout Canada as is practicable, no two stations will be licensed at the present to serve the same area. A television station can serve only a comparatively small area. Canada is very large and it will require a good many stations before television can be brought to the people in most parts of our country. It is desirable to have one station in as many areas as possible before there are two in any one area.

These words make it clear that it was not the policy of the government to create monopoly in television or to limit any one area indefinitely to one television station.

The principle of one station to an area is to apply only until an adequate national television system is developed. At the rate that applications for stations are now being received it may not be long before there is a sufficient degree of national coverage to justify the government and the C.B.C. giving consideration to permitting two and perhaps in some cases more than two stations in certain areas. It is anticipated that, in due course, private stations will be permitted in areas covered by C.B.C. stations, and the C.B.C. may establish stations in some areas originally covered by private stations.

The ultimate objective of the C.B.C. is to have at least one station in every province of Canada where that is practicable. We understand that private applications have been under development in the five provinces where no C.B.C. station is now under way, and the government does not want to discourage immediate establishment in these areas of private stations which will further extend national service coverage. For that reason licences granted for private stations in those provinces will contain a provision that, before establishing a competing station, the C.B.C. will ascertain whether the area is likely to afford adequate financial support for two stations. If not, it may offer to purchase the private station at a fair and reasonable price rather than set up a new one.

Mr. Drew: In connection with that, may I ask whether the understanding is that the minister would regard an adequate national television service as having been established if there is at least one station in every province.

Mr. McCann: That is the ultimate objective, and that, along with private stations, will constitute the national coverage.

Mr. Drew: Well, am I not correct in my understanding that the distance that one can be reasonably sure of good television broadcasting conditions is not more than fifty miles at the present time?

Mr. McCann: That is correct, as far as my knowledge goes.

Mr. Drew: That is correct, is it? With the recognition—

Mr. McCann: That is the minimum.

Mr. Drew: With the recognition of that limitation, do I gather that the minister says that one television station established in each province would be regarded as adequate television facilities across Canada?

Some hon. Members: No.

Mr. McCann: No, I did not say that. I suggest, Mr. Speaker, that probably if the

statement were studied any questions might be asked at a later date.

Mr. Coldwell: May I ask the minister a supplementary question in view of this statement? Has attention been given to the representations that were reported to have been made that the corporations controlled by foreign capital should not have a dominating interest in stations licensed by the C.B.C.?

Mr. McCann: I am unable to answer that because my knowledge is not official; it is only what I have seen in the newspaper, and I have not yet had a report from the C.B.C. with reference to the meetings last week.

[*Later:*]

INQUIRY AS TO ESTABLISHMENT OF STATION IN NEWFOUNDLAND

On the orders of the day:

Mr. G. F. Higgins (St. John's East): I should like to direct a question to the Minister of National Revenue arising out of his statement on television made earlier this afternoon. I understand that the corporation plans to set up stations—

Mr. Speaker: The hon. member should not make a statement. I will allow him to ask his question, but he should not make his statement.

Mr. Higgins: What plans has the minister for television in Newfoundland?

Hon. J. J. McCann (Minister of National Revenue): In the general plan ultimately the C.B.C. would like to have a station in every province.

Mr. Higgins: How long is ultimately?

Mr. McCann: As long as you want to put it.

STATIONS TO BE ESTABLISHED BY PRIVATE INTERESTS

On the orders of the day:

Mr. W. J. Browne (St. John's West): I wonder if the minister heard the announcement over the radio today that television stations were going to be set up by private organizations at Quebec city, Windsor and Sydney. Could he add to that list?

Hon. J. J. McCann (Minister of National Revenue): I did not hear the announcement over the radio but I am acquainted with the recommendations that are to be made by the C.B.C. to the radio division, Department of Transport.

Mr. Browne (St. John's West): What other cities besides Quebec city, Windsor and Sydney?

[Mr. McCann.]

Mr. McCann: It is proposed to recommend that licences be granted for Sydney, Nova Scotia; Saint John, New Brunswick; Quebec city; Hamilton; London, Windsor and Sudbury; one in each instance.

Mr. Pearkes: What about Victoria?

Mr. McCann: We have no application yet, and we cannot deal with them until we get them.

Mr. Gillis: Might I ask the Minister of National Revenue who secured the television licence for Sydney, Nova Scotia?

Mr. McCann: No licence has been given. According to the announcement that has been made, the Canadian Broadcasting Corporation will make a recommendation to the radio division, Department of Transport, to grant a licence. Offhand I do not know who it is. I think it is the same people who have the radio station. I do not know their corporate name.

Mr. Gillis: CJCB.

Mr. McCann: Cape Breton Broadcasters.

CANADIAN FORCES

TABLING OF GENERAL AGREEMENT BETWEEN CANADA AND BELGIUM

Hon. Brooke Claxton (Minister of National Defence): I should like to lay on the table copies in English and in French of a general agreement between Canada and Belgium, signed at Brussels today, concerning the transit through and the stationing in Belgium of Canadian forces. I might say that the object of this agreement is to arrange for certain small lines of communication and supply units of the 27th Canadian infantry brigade group to be stationed in Belgium in fulfilment of NATO requirements.

When arrangements have been completed with the Belgian government it is proposed that these units, which are now in Germany, will move into the Campine area near Antwerp.

(Translation):

HOUSE OF COMMONS

DISTINGUISHED VISITORS—THE PREMIER OF FRANCE AND MEMBERS OF HIS CABINET

Right Hon. Louis S. St. Laurent (Prime Minister): Mr. Speaker, I believe you will find it fitting that I draw the attention of the house to the presence of the distinguished visitors who have just entered the diplomatic gallery, in company with the French ambassador, His Excellency Mr. Guérin; I refer to the President of the council of ministers of the French Republic, Mr. Rene Mayer, the Minister for Foreign Affairs, Mr. Georges Bidault, and the Minister of Finance, Mr. Maurice Bourges-Maunoury.

It is important that mention be made of this visit in the official record of the House of Commons so that its readers may also be acquainted with the honour bestowed upon us this afternoon by the representatives of France, in thus attending one of our sittings.

It is important too that we say to our distinguished visitors in our capacity as representatives, in this house, of the people of the whole country, that we wish them to carry back from their short visit among us the vivid impression that all Canadians, from coast to coast, wish to carry out in an efficient and fruitful manner their co-operation with our mother countries, as well as with the other European nations, in order to defend this civilization for which we are indebted to them and of which our democratic institutions are an essential expression.

(Text):

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker—

Mr. Cote (Matapedia-Matane): Say it in French, please.

Mr. Drew: Mr. Speaker, may I join with the Prime Minister in expressing the welcome that is in the heart of every hon. member to the distinguished representatives of France who are with us here this afternoon. To the Prime Minister and his associates may we say that under our democratic system we also have an opposition, and that opposition is part of our democratic procedure. But may I assure them, through you, sir, that in our welcome this afternoon there is certainly complete harmony, complete understanding, and only one thought, and that is to welcome them and to wish that in their high responsibilities they may guide their great nation to the destiny that we all wish it to share in these troubled years ahead. There are deep bonds of affection between our country and France that are not measured alone by the fact that France was one of the two countries from which those races which joined to make a nation came to these shores many years ago.

Then, there is the other point that is of great importance to all Canadians from every part of Canada. Hundreds of thousands of young Canadians came to know France, through the service they gave in a common cause. Many thousands of those Canadians sleep forever in French soil. The hearts of hundreds of thousands of Canadians here in Canada are forever deeply bound to the soil and people of France.

All those who have had the privilege of seeing what has happened in these past few years have great admiration for the magnificent work that has already been done to rebuild a nation which, for the second time in a single generation, has felt the devastation of war. The recovery of France, its physical rebuilding, and the unity of purpose which has become so apparent is of great advantage not only to France itself, but to the whole free world.

May I say to the distinguished visitors: I join the Prime Minister in the words he used when he said that it was the wish and hope of every Canadian that your cause may be advanced in every way. And I simply join with him in expressing what I know is the hope of every one of us, that the recovery and rebuilding of France may proceed to meet your highest dreams, and that in the years ahead France may take her proper place among the nations of the world in giving leadership to that ideal of civilization which is our common heritage.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 280, to incorporate Merit Insurance Company.—Mr. Macnaughton.

Bill No. 281, for the relief of Helen Vera Cater Morgan.—Mr. Winkler.

Bill No. 282, for the relief of Theresa Hynes Gnatiuk.—Mr. Winkler.

Bill No. 283, for the relief of Anna Kobitowich Gordon.—Mr. Winkler.

Bill No. 284, for the relief of Mary Viola Yolanda Decorato Roy, otherwise known as Mary Viola Yolanda Decorato King.—Mr. Winkler.

Bill No. 285, for the relief of Vincent John Laviolette.—Mr. Winkler.

Bill No. 286, for the relief of Eileen Arthur Osborne Prescott.—Mr. Winkler.

Bill No. 287, for the relief of Margaret Aziz Salhany.—Mr. Winkler.

Bill No. 288, for the relief of Margaret Parker Graves.—Mr. Winkler.

Bill No. 289, for the relief of Audrey Jane Clements Patterson.—Mr. Winkler.

Bill No. 290, for the relief of Roland Masson.—Mr. Winkler.

QUESTIONS

AID TO MINING COMPANIES

Mr. Fair:

1. What is the amount of subsidies or other aid paid to mining companies (other than gold) during the past 13 years?

2. During the same period, what subsidies or other aid have been given to oil or gas companies?

Questions

Mr. Prudham:

Department of Mines and Technical Surveys:

1. Nil.

2. Nil.

Dominion coal board:

1. (a) As far as subsidy payments for coal are concerned the following table covers amounts paid during wartime. These were mostly to protect the general cost of living and were paid to mine operators who were unable, without sustaining losses, to meet increased labour costs arising out of awards of wage increases approved by the proper authority. The item "cost of living bonus" was paid to the operators for distribution to their employees for the same general purpose.

Production subsidies	$36,917,011
Grants for direct development of coal mines	394,302
Grants for housing of coal miners	14,984
Wage equalization payments	685,700
Cost of living bonus	3,453,286
	$41,465,283

These are reported upon in the report of the royal commission on coal at pages 551-2, 556-7-8-9 and 560.

(b) There is a subsidy paid to coal mine companies on coal sold for export or ship's stores on the west coast. The total paid to mining companies for this purpose in the years 1938-1952 was $792,907.

(c) In addition to the amounts paid to mining companies set forth in (a) and (b) there is the matter of payments made to the Dominion Coal Company and Old Sydney Collieries Ltd. This assistance is not paid to these mining companies as such but in their capacity as transportation agents. In other words, they have chartered ships to transport their coal. The amounts paid in this connection are:

Dominion Coal Co. Ltd.	$17,967,214
Old Sydney Collieries Ltd. ..	655,326
	$18,622,540

These payments are in the same category as amounts paid to the railway companies which are fully set forth in the annual reports of the dominion coal board.

As far as this department has been able to ascertain no other subsidy or assistance payments have been made to mining companies, except payments made under the Emergency Gold Mining Assistance Act.

2. Nil.

[Mr. Fair.]

CHICOUTIMI HARBOUR, DEEPENING AND IMPROVEMENT

Mr. Gagnon:

Since January 1, 1945, what amounts have been spent, each year, by the national harbours board, for the deepening of the channel and the improvement of facilities at the harbour of Chicoutimi?

Mr. Dickey:

1. Nothing has been spent by the board since January 1, 1945 for deepening the channel at Chicoutimi.

2. The following amounts have been spent since January 1, 1945, for improvement of facilities at Chicoutimi harbour: 1945, $7,920; 1946, $6,770; 1947, $9,009; 1948, $7,478; 1949, $6,656; 1950, $7,665; 1951, $12,198; 1952, $7,518.

TORBAY AIRPORT, NFLD.—U.S. JET FIGHTER PLANES

Mr. Browne (St. John's West):

1. Has any request been received by the government of Canada or the Minister of National Defence from the United States air force eastern command or the United States government for permission to establish a squadron of jet fighter planes at Torbay airport, Newfoundland?

2. If so, has permission been refused?

3. For what reason?

Mr. Blanchette:

1, 2 and 3. Provision for the air defence of the North American continent is made under a Canada-United States plan for integrated operations. It will be appreciated that information regarding arrangements mutually agreed to by the two countries including identity, composition and location of squadrons, together with the bases from which they operate, would be of use to a potential enemy.

TORBAY, NFLD.—USE OF LAND BY U.S. AIR FORCE

Mr. Browne (St. John's West):

1. Has any application been received from the United States northeast air command in Newfoundland for the right to use land near Torbay for military purposes?

2. If so, on what date was the application received and what is the location and area of such land?

3. By whom is such application being considered and what is the cause of the delay in reaching a decision on the application?

Mr. Blanchette:

1, 2 and 3. The United States government has from time to time requested permission to use buildings and other facilities at Torbay airport for military purposes. As a result terminable rights of use have been granted to the United States covering a number of buildings and facilities at Torbay airport to be used for administrative purposes.

AIRPLANES MANUFACTURED AND IMPORTED

Mr. Higgins:

1. How many airplanes were produced in Canada in 1952 and what was the value of same?

2. How many airplane engines were manufactured in Canada in 1952 and what was the value of same?

3. How many airplanes were imported into Canada in 1952 and what was the value of same?

4. How many airplane engines were imported into Canada in 1952 and what was the value of same?

5. From what countries were the (a) planes; (b) engines, imported?

Questions

Mr. McIlraith:

1. Not in the public interest.

2. Not in the public interest.

3, 4 and 5.

—	Country	Number	Value
			$
Airplanes	United Kingdom	11	583,954
	Trinidad	1	38,600
	Egypt	4	106,118
	Iceland	1	30,240
	United States	444	21,930,883
	Total	461	22,689,795
Airplane engines	United Kingdom	126	2,170,079
	Trinidad	1	5,086
	Egypt	8	33,041
	Alaska	5	2,910
	United States	2,074	52,178,194
		2,214	54,389,310

INCOME AND CORPORATION TAXES, QUEBEC

Mr. Balcer:

1. What was the amount of individual income tax collected by the federal government, for the year 1951, in the province of Quebec?

2. What was the amount of corporation income tax collected by the federal government, for the year 1951, in the province of Quebec?

Mr. McCann:

Fiscal Year ended 31st March, 1952	Amount of Income Tax Collected
1. Individuals	$236,480,798.59
2. Corporations	$344,175,722.37

SEA ISLAND AIRPORT—LOADING ACCOMMODATION

Mr. Green:

1. Has any estimate been made of the cost of constructing increased loading accommodation for aircraft in front of the administration building at Sea Island airport in British Columbia?

2. If so, what is the amount thereof?

Mr. Dickey:

1 and 2. No actual engineering survey has been made by the Department of Transport, but it is estimated that the plan submitted by the Vancouver airport board would cost $600,000.

GIMLI AIR FORCE STATION—SHORTAGES AND THEFTS

Mr. Diefenbaker:

1. Have there been shortages in the inventory of stores and the theft of stores from the Royal Canadian Air Force station at Gimli, since the 1st day of November, 1951?

2. If so, what was the total amount of the shortages and what was the nature thereof?

3. When did the thefts commence and when were they first discovered?

4. What disposal was made of the goods stolen and to whom?

Mr. Blanchette:

1. Yes.

2. Clothing, barrack stores and shotgun and rifle ammunition to a total value of approximately $15,000 were involved, some of which has been recovered.

3. November, 1951 and July 22, 1952.

4. To two civilians who ran a store in Selkirk, Manitoba. As a result of investigations by service police and R.C.M.P., the receivers were brought to trial and sentenced to eight months imprisonment. Five R.C.A.F. personnel received sentences of hard labour varying from five to nine months. One ex-R.C.A.F. member will be tried at the spring assizes.

Questions

AIR TRAVEL, OTTAWA-TRENTON, JANUARY 31

Mr. Diefenbaker:

1. Was any Expeditor aircraft dispatched from Ottawa to Trenton on Saturday, the 31st of January, 1953?

2. If so, what was the purpose of the said trip or trips and what was the estimated cost of said trip or trips?

Mr. Blanchette:

1. Yes.

2. Practice flying in accordance with requirements under which aircrew maintain their flying proficiency. Costs of practice flying are not broken down into costs of individual flights.

CANADIAN CHARTERED BANKS

Mr. Quelch:

1. What were the net profits of each of the chartered banks after published provision for dominion and provincial taxes, in each of the years 1950, 1951, 1952?

2. What was the amount of dominion and provincial taxes, of each bank for these years?

3. What percentage of paid-up capital are the profits shown in the answer to question 1, in each case?

4. What was the total of the transfers made to contingent reserve fund from the earnings of each of the chartered banks, during above years?

5. What was the total amount that each bank was called upon to pay in additional taxation as a result of excess transfers in each of these years?

Mr. Lesage:

—	(1) Net profits	(2) Provision for dominion and provincial taxes	(3) Percentage of profits shown in (1) to paid-up capital	(3-a) Percentage of profits shown in (1) to paid-up capital and reserve funds
	$ cts.	$ cts.	%	%
Bank of Montreal—				
Fiscal year ended Oct. 31—				
1950	5,942,897 69	3,594,000 00	16·51	7·07
1951	5,355,373 66	5,001,000 00	14·88	6·16
1952	5,668,778 38	5,918,000 00	15·75	6·37
The Bank of Nova Scotia—				
Fiscal year ended Oct. 31—				
1950	2,297,542 08	1,045,000 00	19·15	6·38
1951	2,428,256 14	1,210,000 00	16·40	5·47
1952	2,538,165 87	1,900,000 00	16·92	5·64
The Bank of Toronto—				
Fiscal year ended Nov. 30—				
1950	1,207,815 62	937,357 56	20·13	6·04
1951	1,116,234 35	946,583 70	18·60	5·58
1952	1,163,220 00	1,055,481 00	19·39	5·82
The Provincial Bank of Canada—				
Fiscal year ended Nov. 30—				
1950	336,493 73	150,000 00	8·41	5·61
1951	306,024 53	270,146 27	7·65	5·10
1952	332,844 71	367,137 27	7·92	5·28
The Canadian Bank of Commerce—				
Fiscal year ended Oct. 31—				
1950	4,015,258 55	2,014,340 15	13·38	6·69
1951	4,023,145 46	3,005,000 00	13·41	6·71
1952	4,510,641 00	4,330,000 00	15·03	6·94
The Royal Bank of Canada—				
Fiscal year ended Nov. 30—				
1950	6,559,725 11	4,012,000 00	18·74	7·72
1951	6,306,114 86	5,276,000 00	18·02	7·25
1952	7,129,084 72	6,325,000 00	20·37	7·92
The Dominion Bank—				
Fiscal year ended Oct. 31—				
1950	1,245,678 68	900,000 00	17·79	6·92
1951	1,169,064 00	1,190,000 00	16·70	6·49
1952	1,158,556 00	1,315,000 00	16·55	6·44

—	(1) Net profits	(2) Provision for dominion and provincial taxes	(3) Percentage of profits shown in (1) to paid-up capital	(3-a) Percentage of profits shown in (1) to paid-up capital and reserve funds
	$ cts.	$ cts.	%	%
Banque Canadienne Nationale—				
Fiscal year ended Nov. 30—				
1950	665,638 61	417,693 48	9·51	4·75
1951	802,612 18	713,354 76	11·47	5·73
1952	847,051 58	803,813 30	12·10	5·84
Imperial Bank of Canada—				
Fiscal year ended Oct. 31—				
1950	1,158,311 19	993,000 00	16·55	6·81
1951	1,236,400 25	1,150,000 00	17·66	6·87
1952	1,318,995 64	1,331,000 00	18·84	7·33
Barclays Bank (Canada)—				
Fiscal year ended Sept. 30—				
1950	12,160 57	674 09	·81	·41
1951	17,444 10	.....	1·16	·58
1952	10,333 11	.....	·69	·34

Note to Column (2)

The amounts shown are those provided for taxes according to the annual statements of the banks and not necessarily the exact amounts paid. Provincial taxes are not included in some cases where amounts were not published.

Note to Column (3-a)

As the reserve funds of the chartered banks represent moneys paid in by shareholders and undistributed profits, a more accurate picture is given by showing profits as a percentage of capital and reserve funds.

4. It is not considered proper to disclose this information regarding individual banks. The government's policy in this connection was given to the banking and commerce committee by the Minister of Finance on June 6, 1944.

5. During the fiscal years 1950 and 1951, none of the banks transferred from earnings to contingency reserves amounts which were considered to be in excess of reasonable requirements. The inspection of the contingency reserves of the banks for the 1952 fiscal years has not been completed.

TORBAY AIRPORT, NEWFOUNDLAND

Mr. Higgins:

1. Is Torbay airport, Newfoundland, to be removed from control of the Department of Transport and placed under the control of the Royal Canadian Air Force?

2. If so, when is the transfer to be made?

3. Have any requests been made by the United States government for the lengthening of runways at Torbay airport?

4. If so, what requests have been made?

5. Have other requests been made by the United States government in connection with facilities of the airport?

6. If so, what requests have been made?

7. Have any decisions been arrived at with respect to the request for lengthening of runways and changes in other facilities at the Torbay airport?

Mr. Blanchette:

1. Yes.

2. As soon as the necessary arrangements have been made.

3 and 4. As a result of joint Canadian-United States discussions, agreement has been reached that it would be desirable to lengthen a runway at Torbay.

5 and 6. Yes.

7. One runway will be lengthened and the United States air force will be granted terminable use of certain buildings and facilities for administrative purposes.

DEPARTMENT OF TRANSPORT—RECEIVING LICENCE SECTION

Mr. Thatcher:

1. How many men and women were employed by the receiving licence section of the telecommunications division of the Department of Transport (a) December 31, 1952; (b) March 15, 1953?

2. In view of the abolition of the $2.50 radio licence fee, what disposition is being made of the former staff?

3. Has this abolition led to any reduction in overall civil service staff?

4. If so, by what number?

Mr. Dickey:

1. (a) Ottawa: male employees, 39; female employees, 65; outside offices, male employees, 4; female employees, 28; total, 136.

Questions

(b) Ottawa: male employees, 26; female employees, 54; outside offices, male employees, 3; female employees, 28; total, 111.

2. All of the former staff will be reassigned to positions in the government service if they so desire. Permanent employees who do not wish to be considered for further employment will be retired on superannuation under the provisions of the superannuation act.

3. Yes.

4. A total of 115 positions on the establishment of this department will be abolished.

ARMED FORCES BENEVOLENT FUNDS

Mr. Green:

1. Are veterans with Korean service eligible for assistance from the navy, army and air force benevolent funds?

2. Is there a difference in the treatment of such veterans depending on the branch of the service to which they belong?

3. If so, for what reason is such distinction made?

Mr. Blanchette:

1. (a) Canadian naval service benevolent trust fund: Yes.

(b) Army benevolent fund: No.

The army benevolent fund was established by act of parliament to administer funds remaining from canteen operations during the second world war. It provides assistance for veterans who served in the Canadian army during the period September, 1939 to September, 1946. To be eligible for benefits, a Korean veteran must also have served during the above period.

(c) R.C.A.F. benevolent fund: Yes.

2. (a) No.

(b) Not applicable.

(c) No.

3. Not applicable.

SHEDIAC BRIDGE WHARF, KENT COUNTY, N.B.

Mr. Robichaud:

1. Was the work performed in 1952 on the Shediac Bridge wharf, Kent county, New Brunswick, by contract or otherwise?

2. If by contract (a) what are the names and addresses of each tenderer; (b) the amount of each tender; (c) to whom was the contract awarded?

3. Has the work on the said wharf been completed as planned?

Mr. Fournier (Hull):

1. No work was performed in 1952, but a contract was awarded on March 17, 1953, to Modern Construction Limited of Moncton, N.B., for the construction of a wharf at Shediac Bridge, N.B.

2. (a) and (b):

Modern Construction Limited, Moncton, N.B., $20,085.50.

L. G. & M. H. Smith Limited, Port Hood Island, N.S., $20,469.50.

[Mr. Dickey.]

Wheaton Bros., Ltd., Moncton, N.B., $20,613.70.

J. W. & J. Anderson, Ltd., Burnt Church, N.B., $20,784.50.

J. S. Parker, Saint John, N.B., $21,940.00.

Whalen Bros. Construction, Newcastle, N.B., $22,086.16.

Diamond Construction Co., Fredericton, N.B., $22,358.00.

Frank H. Legoff, Richibucto, N.B., $22,995.00.

Comeau & Savoie, Caraquet, N.B., $26,548.50.

Clare Construction Co., Ltd., Little Brook, N.S., $28,712.00.

(c) Modern Construction Limited, Moncton, N.B.

3. Work is expected to commence at the beginning of the construction season, 1953.

ARMED FORCES, PERSONNEL AND COST

Mr. Robichaud:

1. What has been the average annual cost to Canada for each person in our armed forces, during the years 1949, 1950, 1951 and 1952?

2. What is the total number of persons actually in our armed forces?

Mr. Blanchette:

1. Average Annual Personnel Costs

	Officers	Men	Officers and Men
1949	$5191	$2578	$2975
1950	5459	2788	3174
1951	5669	2993	3393
1952	6094	3216	3645

Personnel costs consist of: pay and allowances; subsistence; maintenance of clothing and personal equipment; travel and transportation; medical and dental care; government contribution to pension fund.

2. As at February 28, 1953: 103,573.

CUBAN REFINED SUGAR

Mr. Murphy:

1. Did any representatives of the Canadian sugar refiners go to Cuba, as announced by the Minister of Trade and Commerce?

2. If so, who were the representatives and with what companies were such representatives identified?

3. If representation was made, was any report made to the government?

4. Is the minister aware that Cuban refined sugar continues to be sold and delivered in the London, Toronto, Hamilton markets without interruption?

5. If so, what action does the government intend taking regarding the importation of Cuban refined sugar into this area?

Mr. McIlraith:

1. Yes.

2. Messrs. J. R. Crawford, vice-president, St. Lawrence Sugar Refineries Limited, Montreal, P.Q., and Lewis J. Seidensticker, president, Atlantic Sugar Refineries Limited, Montreal, P.Q., proceeded to Cuba as representatives of the refineries and not as official representatives of the Canadian government.

3. No, but the representatives have intimated that they will come to Ottawa as soon as convenient and make a verbal report.

4. Yes, a few car loads have been imported through the United States.

5. See statement on sugar situation by the Minister of Trade and Commerce, commencing on page 1836 of *Hansard*, February 11, 1953.

QUESTIONS PASSED AS ORDERS FOR RETURNS

DEPUTY MINISTER OF NATIONAL DEFENCE—OFFICE STAFF

Mr. Fulton:

1. What is the total number of the staff of the office of the deputy minister of national defence?

2. What are the sub-totals directly under each of the following: (a) associate deputy minister (special duties); (b) assistant deputy minister (finance); (c) assistant deputy minister (administration and personnel); (d) assistant deputy minister (requirements), giving the titles and numbers of positions in each case?

3. What was the total establishment of the office of each of the deputy ministers of national defence for navy, army and air force during the years 1944, 1945 and 1946, respectively?

Mr. Blanchette: Return tabled.

FISHERY PRODUCTS IMPORTED

Mr. Higgins:

1. What was the value of fishery products imported into Canada in 1952?

2. From what countries were such fishery products imported?

3. What was the fishery product imported from each such country and what was the value thereof?

UNEMPLOYMENT INSURANCE, NEW BRUNSWICK

Mr. Robichaud:

1. How many persons received unemployment insurance cheques in each month and in each county of the province of New Brunswick, during the years 1949, 1950, 1951 and 1952?

2. What were the total amounts paid in unemployment insurance in each county of the said province, in each month of the above mentioned years?

3. How many unemployed persons were reported in each county of the province of New Brunswick, during the months of January and February, 1953?

FIELD CROPS, DOLLAR VALUE

Mr. Diefenbaker:

What is the estimated gross dollar value of the principal field crops produced on Canadian farms in (a) 1952, and (b) 1951?

PORK PRODUCTS, ETC.—SALES TO BRITAIN

Mr. Fair:

1. What is the value of (a) pork or pork products; (b) cheese; (c) eggs; (d) butter; (e) apples, sold to Britain in each of the years 1947, 1948, 1949, 1950, 1951 and 1952?

2. What is the value of contracts for each of the above commodities with Britain for 1953?

MOTIONS FOR PAPERS

CULLENS BROOK, BONAVENTURE COUNTY, QUE.—PUBLIC WHARF

Mr. Robichaud:

For a copy of all payrolls, orders or vouchers for the purchase, transportation and hauling of materials and supplies in connection with the construction and/or repair of the public wharf at Cullens Brook, Bonaventure county, Quebec, from the 1st day of October, 1952, to the 31st day of December, 1952.

PORT ALFRED, QUE.—PUBLIC BUILDING

Mr. Gagnon:

For a copy of all correspondence, telegrams and other documents, exchanged between any person or persons and the Department of Public Works, or any other department of the government, from January 1, 1940 to date, relating to the construction of a public building in Port Alfred, Quebec, also a copy of all correspondence exchanged between the different departments of the government, during the same period, relative to this question.

Mr. Fournier (Hull): There is no objection to passing the first part of this order of the house, but the second part reads:

—also a copy of all correspondence exchanged between the different departments of the government, during the same period, relevant to the question.

That correspondence would be of a confidential nature. If my hon. friend requested a building at for example, Port Alfred, I would have to consult the officials of the different departments to see if the need was there before the government would make a decision. These documents would be of a confidential nature.

Mr. Speaker: Will the motion carry with the exception that all the words after "Port Alfred, Quebec" be struck out?

Motion agreed to.

CHICOUTIMI, QUE.—PUBLIC BUILDING

Mr. Gagnon:

For a copy of all correspondence, telegrams and other documents, exchanged between any person or persons and the Department of Public Works, or any other department of the government, from January 1, 1940 to date, relating to the construction of a public building in Chicoutimi, Quebec; also a copy of all correspondence exchanged between the different departments of the government, during the same period, regarding this question.

Motions for Papers

Mr. Fournier (Hull): The remarks which I made on the previous resolution would apply to this resolution.

Mr. Speaker: Will the resolution carry with the exception that all the words after "Chicoutimi, Quebec" be struck out?

Motion agreed to.

CUBAN SUGAR—REPORT OF MISSION

Mr. Murphy:

For a copy of the report of the representatives of the sugar refiners on their mission to Cuba, following the announcement by the Minister of Trade and Commerce.

Mr. McIlraith: Mr. Speaker, there is no such report as the one requested in this motion for the production of papers; therefore I ask that it be dropped.

Mr. Speaker: Dropped.

INDIAN AFFAIRS—LEASES GRANTED IN SASKATCHEWAN

Mr. Coldwell:

For a copy of leases granted by the Indian affairs department to individuals and companies in the province of Saskatchewan from 1945 to the present by reservations.

Mr. Fournier (Hull): My colleague, the Minister of Citizenship and Immigration (Mr. Harris), being absent, I would ask the hon. member if he will allow this motion to stand.

Mr. Coldwell: I shall be glad to have it stand; indeed I would be glad to withdraw it for redrafting, because I am told it would involve a long list of leases. I think I can make it more specific. If that is agreeable, I would ask leave to withdraw the motion in order to redraft it.

Mr. Speaker: Withdrawn.

CANADIAN FORCES ACT

AMENDMENTS TO NATIONAL DEFENCE ACT, DEFENCE SERVICES PENSION ACT AND CANADIAN FORCES VOTING REGULATIONS

Hon. Brooke Claxton (Minister of National Defence) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to introduce a measure to amend the National Defence Act in respect of certain offences committed by members of the forces out of Canada, to provide for the custody of members of the forces found guilty by civil courts in Canada or by civil or military tribunals of countries other than Canada, and to provide for the disposition of certain classes of appeals; also to amend the Defence Services Pension Act respecting the service that may be counted for purposes of the act and to make pensions payable to the widows and children of persons to whom section 46E of the act applies; and also to amend the Canadian forces voting regulations respecting the completion of statements of ordinary residence.

[Mr. Gagnon.]

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

Motion agreed to.

BUTTER

ANNOUNCEMENT OF EXTENSION OF FLOOR PRICES

On the orders of the day:

Mr. G. A. Cruickshank (Fraser Valley): I should like to direct a question to the Right Hon. Minister of Agriculture. Is the government ready to make an announcement on butter prices?

Right Hon. J. G. Gardiner (Minister of Agriculture): Under authority of order in council, P. C. 2023, of April 27, 1951, the agricultural prices support board was authorized to purchase first-grade creamery butter during the period May 1, 1951, to April 30, 1953. Under authority of paragraph (b) of subsection (1) of section 9 of the Agricultural Prices Support Act, 1944, the agricultural prices support board now proposes to offer to purchase from May 1, 1953, to April 30, 1955, first-grade creamery butter produced in Canada, and under authority of paragraph (a) of subsection (1) of section 9 of the said act proposes to prescribe the following prices therefor:

Fifty-eight cents per pound basis delivery Halifax, Saint John, Montreal and Toronto.

Fifty-seven cents basis delivery Vancouver.

All purchases to be subject to such terms and conditions as may be specified by the agricultural prices support board. I may say by way of explanation that four years ago we established floor prices of 58 cents basis Montreal and Toronto. Three years ago we reduced that to 53 cents. Two years ago we put it back to 58 cents and made it apply for two years instead of one. This year we are just extending the policy as it has been for the last two years for the next two years.

EXTERNAL AFFAIRS

INQUIRY AS TO PROTEST OVER ATTACK UPON REV. STANLEY WRIGHT

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): I should like to ask the acting minister of external affairs if the government has joined in the protest reported to have been made by the United States embassy to the government of Colombia because of an attack upon

the Rev. Stanley Wright, formerly of Tisdale, Saskatchewan? If so, what acknowledgment, if any, has been made of the protest?

Hon. Brooke Claxton (Acting Secretary of State for External Affairs): The Canadian ambassador took up his duties only on March 23. He has been asked to make inquiries and report. When the report is received instructions will be given to him to suit the circumstances.

(Translation):

NATIONAL DEFENCE

RIFLE RANGE AND OTHER PROJECTS AT BAIE-DU-FEBVRE

Mr. Leon Balcer (Three Rivers): Mr. Speaker, may I ask the Minister of National Defence (Mr. Claxton) if he is now ready to answer the question I put to him last Wednesday about the firing range at Baie-du-Febvre?

Hon. Brooke Claxton (Minister of National Defence): Not yet, Mr. Speaker.

(Text):

HOUSING

SHORTAGE IN SASKATOON—LOANS BY CENTRAL MORTGAGE AND HOUSING CORPORATION

On the orders of the day:

Mr. R. R. Knight (Saskatoon): I should like to direct a question to the Minister of Resources and Development. In view of the severe housing shortage in Saskatoon and in view of the fact that mortgage money for building is almost unobtainable, will the minister authorize Central Mortgage and Housing Corporation under section 31A of the National Housing Act to use its own funds to provide housing loans?

Hon. Robert H. Winters (Minister of Resources and Development): Central Mortgage and Housing Corporation is authorized to make loans under section 31A of the National Housing Act where such loans are not being made available by lending institutions. In 1952 there were two major lending institutions making loans under the National Housing Act in Saskatoon. One of these lending institutions intends to make about the same number of loans this year and the other lending institution is giving consideration to whether or not they will operate in Saskatoon. These circumstances are now being reviewed with the lending institutions by Central Mortgage and Housing Corporation, and it is hoped that National Housing Act loans in about the same amount as in 1952 will be available this year. It is not the policy of the government to authorize Central Mortgage and Housing Corporation to make direct loans under section 31A in areas in which the lending institutions are operating, which is the case at the present time in Saskatoon.

I might add that in 1952 there were 651 new starts in Saskatoon compared with 410 in 1951. As of January, 1952, there were 264 units under construction whereas on January 1, 1953, there were 468 units under construction, thereby ensuring a good level of completions this year.

FISHERIES RESEARCH BOARD

INFORMATION AS TO TABLING OF REPORT

On the orders of the day:

Mr. J. Watson MacNaught (Parliamentary Assistant to the Minister of Fisheries): On Friday last, when the supplementary estimates of the Department of Fisheries were being considered by the committee of supply, the hon. member for St. John's West asked the Minister of Fisheries when the report of the fisheries research board would be available. In reply thereto, I may say to him that at the present time the report is being printed by the queen's printer, and as soon as copies are available they will be tabled.

PENSIONS

NEWFOUNDLAND—RAILWAY, POSTAL AND TELEGRAPH SERVICES

On the orders of the day:

Mr. G. F. Higgins (St. John's East): I should like to direct a question to the Minister of Transport. Is he in a position to make a statement with respect to pensions for former members of the Newfoundland railway, postal and telegraph services?

Hon. Lionel Chevrier (Minister of Transport): I am not in a position to make a statement because this is a matter which concerns not only the Department of Transport but other departments. It is a very complicated question and, as the hon. member knows, it is also receiving the attention of my colleague, the Secretary of State, as indicated in the letter which he was good enough to send over to me. Until such time as there is greater opportunity to consider the points at issue, I am afraid I cannot make a statement.

(Translation):

INQUIRY FOR RETURN

WOODFALLE SCHOOL, ROCKCLIFFE

On the orders of the day:

Mr. A. M. Robichaud (Gloucester): Mr. Speaker, may I put a question to the Secre-

tary of State (Mr. Bradley)? When will his department finally decide to table the file which is the subject of a motion for papers appearing in my name and adopted by the house on January 28 last?

I had asked, at that time, for a copy of all correspondence exchanged in connection with the teaching of religion and French at Woodfalle School, Royal Canadian Air Force station, Rockcliffe, Ontario. This order appears at page 193 of the *Votes and Proceedings* of January 28.

(Text):

Hon. F. G. Bradley (Secretary of State): Mr. Speaker, unfortunately my knowledge of the French language is not profound enough for me to have gathered completely the purport of what my hon. friend has said, but I shall be glad to look into the matter.

CUSTOMS TARIFF

Hon. Douglas Abbott (Minister of Finance) moved the second reading of Bill No. 227, to amend the Customs Tariff.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Jutras in the chair.

On section 1—*Schedule A amended.*

Mr. Fleming: The explanatory note indicates that the purpose of the bill is to implement the budget resolutions relating to the Customs Tariff. I must say that, notwithstanding a very diligent review of the budget resolutions in relation to the Customs Tariff, I do not find any corresponding with the first section of the bill having to do with cigarettes. Will the parliamentary assistant to the minister favour us with an explanation of section 1 of the bill?

Mr. Lesage: If the hon. member for Eglinton will look at the resolutions, he will see that resolution No. 2 covers section 1 exactly.

Mr. Fleming: Resolution No. 2 under the Customs Tariff?

Mr. Lesage: Under the Customs Tariff.

Mr. Fleming: What page?

Mr. Lesage: Page 6.

Mr. Fleming: Can the parliamentary assistant give us the *Hansard* reference?

Mr. Lesage: I do not have *Hansard* in front of me but I have the budget resolutions as they were distributed to all members, and I remember quite vividly that a week ago Thursday we adopted resolution 2. We dropped resolution 1 and adopted resolution 2.

[Mr. Robichaud.]

Mr. Fleming: I was referring to the *Hansard* containing the budget speech of the minister followed by the budget resolutions. On looking at these it strikes me that it may well be that a couple of the resolutions were not printed in the *Hansard* of April 8. If the parliamentary assistant will look at page 1262 he will find there under Customs Tariff resolution No. 1—

Mr. Lesage: The budget was brought down on February 19 this year. April 8 was the date of the bringing down of the budget in 1952.

Mr. Fleming: I am sorry; I have the wrong copy.

Mr. Murphy: I should like to ask a question regarding the duty on cigarettes inasmuch as we are now getting certain American cigarettes that are regularly imported into Canada. I tried to get the information from the department this morning. I called the minister's office. I am told that there is a difference between the tax and duty on United States cigarettes coming into Canada and the taxes on our own cigarettes. I should like some information about that. At the same time I should like the parliamentary assistant to tell me whether the fact that a pack of twenty imported cigarettes is lighter in weight than a similar package of twenty Canadian cigarettes also enters into the picture so far as the cost to the consumer, the rate of duty and the customs tariff are concerned. The reason I would like to have an explanation is that there is an ad valorem tax. I assume it is based on value and, inasmuch as tobacco that goes into American cigarettes may be purchased at a price lower than we have to pay in Canada, that would also enter into the picture. If by any chance there is a difference in the tax it would, of course, be reflected in our growers' prices as well as the manufacturers' prices. I hope I have made that clear.

Mr. Lesage: Mr. Chairman, I am holding in my hands two tables showing the combined duties and taxes on cigarettes of various sizes imported into Canada, together with the corresponding figures for excise duties and taxes on Canadian cigarettes. The first table shows the figures before the proposed changes and the second table shows the figures after the proposed changes. If it is agreeable I would like to have these two tables placed on *Hansard* at this point.

The Acting Chairman (Mr. Jutras): Is that agreeable to the committee?

Some hon. Members: Agreed.

Mr. Lesage: The tables are as follows:

DUTY AND TAXES ON 1000 CIGARETTES VALUED AT $3.55 PER 1000

BEFORE THE 1953 BUDGET

—	Weighing 2½ lbs. per 1000	Weighing 2·74 lbs. per 1000	Weighing 3·2 lbs. per 1000
When Imported from the U.S.—			
Customs duty of $2.00 per pound	$ 5·00	$ 5.48	$ 6.40
and 15 p.c. ad valorem	.53	.53	.53
Additional duty of $2.00 per 1000	2.00	2.00	—
Excise tax (2 cts. on each 5 cigarettes)	4.00	4.00	4.00
Sales tax (10 p.c.)	1.10	1.15	1.05
	$ 12.63	$ 13.16	$ 11.98
When Canadian Made—			
Excise duty	$ 6.00	$ 11.00	$ 11.00
Excise tax (2 cts. on each 5 cigarettes)	4.00	4.00	4.00
Sales tax (10 p.c.)	.95	1.46	1.46
	$ 10.95	$ 16.46	$ 16.46

DUTY AND TAXES ON 1000 CIGARETTES VALUED AT $3.55 PER 1000

AFTER THE 1953 BUDGET

—	Weighing 2½ lbs. per 1000	Weighing 2·74 lbs. per 1000	Weighing 3·2 lbs. per 1000
When Imported from the U.S.—			
Customs duty of $2.00 per pound	$ 5.00	$ 5.48	$ 6.40
and 15 p.c. ad valorem	.53	.53	.53
Excise tax (2 cts. on each 5 cigarettes)	4.00	4.00	4.00
Sales tax (10 p.c.)	.90	.95	1.05
	$ 10.43	$ 10.96	$ 11.98
When Canadian Made—			
Excise duty	$ 4.00	$ 5.00	$ 5.00
Excise tax (2 cts. on each 5 cigarettes)	4.00	4.00	4.00
Sales tax (10 p.c.)	.75	.85	.85
	$ 8.75	$ 9.85	$ 9.85

Mr. Fleming: Does the statement cover both customs duties and excise taxes?

Mr. Lesage: Yes, and I am going to explain. The table shows, for instance, that up to February 1, or February 20 in the case of the customs tariff, the customs duty on regular size cigarettes, Camels and Chesterfields for example, imported from the United States, was $2 per pound plus 15 per cent ad valorem, a total of $5.53 cents per thousand cigarettes. The customs duty of $2 per pound is the equivalent of $5 per thousand cigarettes. The ad valorem duty is the equivalent of 53 cents. Then there was an additional duty of $2 per thousand and an excise tax of 2 cents on each 5 cigarettes. If you add the sales tax of $1.10 you get a figure of $12.63 for the total aggregate customs and excise taxes on American cigarettes imported into Canada. The addition of the excise duty, excise tax and sales tax on Canadian cigarettes before the proposed changes give a figure of $10.95 which means that the difference, the protection for the Canadian cigarettes, is $1.68.

In this bill it is proposed to take off the $2 additional duty on imported cigarettes, not only American, and reduce the excise duty on Canadian cigarettes from $6 to $4. The reduction is the same in each case and, consequently, the spread will be the same—$1.68—which will remain the protection in favour of Canadian cigarettes. That means that American cigarettes cannot compete on the market any more now than they could before the proposed changes.

There is a difference with respect to king size cigarettes and that is the reason for the proposed change in the excise duty instead of the excise tax. Up to now there was no additional customs duty on imported king size cigarettes, and the combined customs duty, excise and sales taxes on imported king size cigarettes was $11.98. Because of an excise duty of $11 per thousand on Canadian-made king size cigarettes, had they been manufactured, the aggregate of such excise duties and sales taxes would have been $16.46, which would have given a spread in favour of the American or other imported cigarettes of around $4.50. Therefore, in the proposed changes in the Excise Act, which we will study in a few minutes, the duty will be dropped from $11 to $5. The protection in favour of any Canadian-made king size cigarettes from now on will be $2.12 per thousand.

I believe that all that I have said can be much more easily understood by looking at the two tables which are very clear and give every tax and duty in detail.

[Mr. Lesage.]

Mr. Murphy: There is just one point which I would like to have clarified. I understand from the parliamentary assistant that $1.68 is the difference between the combined duties and taxes on Canadian cigarettes and American cigarettes. The tax on the imported cigarettes is that much greater. Is that right?

Mr. Lesage: That is right.

Mr. Murphy: There is the question of weight. Do you know what our ordinary cigarettes weigh per thousand? The way you have it figured there, at $5 for customs duty, that would be two and a half pounds per thousand cigarettes. However, do our cigarettes weigh more than that?

Mr. Lesage: Our cigarettes weigh 2·49 pounds per thousand. Our ordinary cigarettes are about the same weight as the ordinary American cigarettes. No Canadian king size cigarettes are manufactured and I suppose that one of the reasons is that there was a combined excise duty, excise and sales tax of $16.46 per thousand. That will now be reduced to $9.86.

Mr. Murphy: Do you happen to have the invoice price of American cigarettes—for instance Shirley cigarettes?

Mr. Lesage: I am informed that it has been $3.55 until lately when the price increased to $3.90.

Mr. Murphy: I wonder if this could not stand, because I would like to take a look at the schedule you have. It will only take me a few minutes, and I will give the copies back to you.

(Translation):

Mr. Robichaud: Mr. Chairman, I should like to direct a few questions to the parliamentary assistant to the Minister of Finance (Mr. Lesage). These questions have nothing to do with cigarettes but rather with a tariff item having to do with the act to amend the Customs Tariff, but which, unfortunately, does not appear among the tariff items to be amended—

Mr. Lesage: Mr. Chairman, on a point of order. Could I ask that we stick, for the time being, to the question of cigarettes. I do not want to prevent the hon. member from speaking about an item which is not mentioned in the list, although we could prevent him from doing so, under the rules of the house; however it seems to me that the discussion would be very much simplified if he would only wait until we came to the next clause of the bill.

Mr. Robichaud: If it will suit the parliamentary assistant to the Minister of Finance better I will be happy to accept his suggestion and I will tell him immediately what interests me, as he probably has guessed—it is the tariff item that pertains to ropes used by fishermen in the fishing industry.

Mr. Lesage: I think I can reply immediately. It is our intention, when we examine the bill to amend the Excise Tax Act—and I think that will come up tomorrow—to move that the sales tax be abolished on all ropes used in the fishing industry, including all those measuring one and a half inches or more in circumference.

As far as the small protection on ropes measuring more than one and a half inches is concerned, such protection is necessary, according to the information I have been given, because there is in Canada a rather important rope manufacturing industry. Therefore, although the government's policy is to make international trade as free as possible, it remains that Canadian industries—within the framework of international agreements to which we are party with regard to tariffs—are entitled to a certain degree of protection.

It is the best answer I can give to my hon. friend, although I would add that following his speech on this subject, I discussed the matter at length with the tariff commissioner and officers of the Department of National Revenue, and I was given the assurance that the question will be studied by them before the next budget is prepared, because they want to obtain information both from those engaged in commercial or industrial fishing operations and the people who manufacture such ropes.

Mr. Robichaud: I wouldn't like to miss this opportunity of expressing my appreciation to the parliamentary assistant for the remarks he has just made, ensuring me of a rather substantial reduction with regard to the excise tax on cables and ropes used by our fishermen.

Now I have certain observations which I would like to put in *Hansard* with regard to the tariff on ropes and cables. Would the parliamentary assistant indicate when it would be best for me to do so, because I would like to say a few words on the matter before we pass on to the next bill.

Mr. Lesage: I think that the hon. member may as well make his remarks immediately, because I am waiting for the hon. member for Lambton West (Mr. Murphy) to finish examining the statements I have just given him, before proceeding with our discussion of the duty on cigarettes.

Mr. Robichaud: I should like to ask the parliamentary assistant a question. Would he have any information on the quantities of hempen or manila cables imported into Canada from British commonwealth countries during 1952?

Mr. Lesage: In 1951, ropes imported from all countries amounted to 1,861,000 pounds and were valued at $658,600. Over one million pounds were imported from the United Kingdom and approximately 637,000 pounds from The Netherlands, or Holland.

Now I must say that those figures include all kinds of rope, including that of less than one and a half inches in circumference.

Mr. Robichaud: Those figures are for 1951?

Mr. Lesage: I do not have them for 1952.

Mr. Robichaud: You do not have them?

Mr. Lesage: No, not for 1952.

Mr. Robichaud: You mentioned Holland and The Netherlands; I understand that those countries—

Mr. Lesage: It is the same country.

Mr. Robichaud: I understand that the most-favoured-nation tariff applies to those countries?

Mr. Lesage: The British preferential tariff, applies to the United Kingdom, while the most-favoured-nation tariff applies to Holland.

Mr. Robichaud: Now, according to the present rates of duty, manila rope or hemp of more than one inch in circumference is, according to tariff item 575, subject to a rate of 20 per cent under British preferential tariff, of 22½ per cent under the most-favoured-nation tariff and of 25 per cent under the general tariff; are my figures correct?

Mr. Lesage: Yes, but importation of manila ropes and other vegetable ropes is not covered by item 575. Our importations, I think, under item 575 do not amount to very much—

Mr. Robichaud: Refer to item 539.

Mr. Lesage: Importation of rope and lines is covered by item 539.

Mr. Robichaud: I have looked over the list of customs duties and I feel somewhat perplexed as to item 539—which we both mentioned a moment ago—and item 575; could you make this clearer?

Mr. Lesage: Mr. Chairman, it has to do with nylon rope. Nylon rope is the one which has a wire through the middle; it is imported under item 575 whereas those of vegetable origin are imported under item 539. I could

also correct the figures given by my hon. friend in so far as the commonwealth preferential tariff is concerned; it is 17½ per cent minus a discount of 10 per cent, under item 539, with regard to the rope my hon. friend referred to a moment ago. In other words the duty on rope valued at $500, at the rate of 15¾ per cent, will therefore be $78.05 and the sales tax $57.88, totalling $135.93 and not $160 as was claimed by my hon. friend. He will see tomorrow that with regard to this year's budget there will be a reduction from $160 to $78.05 since the sales tax will disappear through an amendment which I intend to move.

Mr. Robichaud: May I interrupt my hon. friend? I had based my calculations on $1,000 and not on $500, as far as item 575 was concerned. That is why there is a difference.

Now will the parliamentary assistant to the Minister of Finance tell me if there have been any changes or amendments with regard to item No. 539, in the past 20 years, shall we say?

Mr. Lesage: My hon. friend will understand that I have not all the relevant information before me, because this tariff item has not yet been amended this year; but, according to the information I have at hand, there has not been any change in the last few years.

Mr. Robichaud: Mr. Chairman, I made some inquiries—and I believe that I have already referred to that in my remarks to the house—and was assured that there have been no changes, either in item 575 or in item 539, in over 20 years; therefore, the information I have on the subject would be correct.

Now, it is a fact that the rope or cable which does not exceed 1½ inches in circumference—that is, the rope used in commercial fishing—comes in free.

Mr. Lesage: I regret to say I did not understand.

Mr. Robichaud: You did not understand and I know why, it is because you were talking with the minister; therefore I shall repeat what I said. It is a fact that the rope or cable used for commercial fishing purposes and not exceeding 1½ inches in circumference enters free of duty under the present customs tariff. The tariff item which deals with that is No. 682.

Mr. Lesage: You are right, that is exact; under No. 682.

[Mr. Lesage.]

Mr. Robichaud: On the other hand, any rope or cable over 1½ inches in circumference, even if it is to be used for commercial fishing purposes, is subject to the rate of duty which I mentioned a moment ago.

Mr. Lesage: Everything hinges on the interpretation given by my hon. friend and on the words used to define the lines or ropes used for fishing. If the hon. member includes the rope which for instance is used to secure the fishing craft to the pier or wharf, then his interpretation is not exact because such rope enters duty free. The duty applies only to rope used solely for fishing purposes, when such rope exceeds 1½ inches in circumference.

Mr. Robichaud: I assure my hon. friend that I do not mean the rope used as fittings on the ships themselves, because such rope becomes part of the ship.

But I mean any rope over 1½ inches in circumference which is used for fishing—for instance the rope which is used to link up lobster traps or generally used for fishing; such rope is subject to the rate of duty we mentioned a moment ago.

Mr. Lesage: Mr. Speaker, I do not wish to repeat what I said, but for the last 15 or 20 minutes we have been a little out of order.

The Chairman: Order. Then if these items are not mentioned, I am sorry that my attention was not called to that fact sooner; I would ask the hon. member to confine himself to the items under disscussion.

(Text):

Mr. Murphy: Perhaps this can be clarified. What is bothering me is the ad valoreum duty. Am I correct when I say that that is based on the invoice price of the cigarette, which of course would be based on the cost of the raw material?

Mr. Lesage: The ad valorem duties in general, and it includes this case, are always based on the fair market value in the country of origin.

Section agreed to.

Sections 2 to 6 inclusive agreed to.

The Chairman: Would it be agreeable to hon. members if I were to call the schedule page by page?

Some hon. Members: Agreed.

415a (iii)	Refrigerator parts, of iron or steel or of which iron or steel or both are the component materials of chief value	per cent 7½	per cent 20	per cent 35
443d	Gas control devices of a class or kind not made in Canada:			
(1)	for use on cooking apparatus or on apparatus for heating buildings or in the gas line between such apparatus and the meter; and parts thereof	Free	per cent 7½	per cent 30
(2)	for the manufacture or repair of, or for conversion to, gas-fired apparatus for cooking or for heating buildings; and parts thereof	Free	7½	30

Mr. Knowles: I should like to make a few comments and ask a few questions which I would relate to item 415a and also to item 443d. The parliamentary assistant will note that these items refer at least in part to refrigerators and cooking apparatus. I would appreciate it very much if the parliamentary assistant could tell us just what the present situation is with respect to duties on refrigerators and on stoves. I have in mind various kinds of refrigerators and stoves, but in particular electric refrigerators and electric stoves because they are so largely used in this country.

As hon. members realize, these articles have become almost necessities in the average Canadian household, and I am sure it is correct to say that a great many Canadians are painfully aware of how much more these articles cost in this country than they do for example in the United States. That has always been the case, but with the increase in the cost of these articles the differential has become even greater, and many of our people wonder whether it is not time, particularly with a Liberal government in power, for some of these customs duties against these articles to be reduced or removed so that our people might be able to purchase for their households these articles at more reasonable prices.

As I say, I should like to have from the parliamentary assistant a statement as to what the situation is with respect to customs duties on stoves and refrigerators. I should also like to hear from him whether he can inform us what consideration has been given by the government to reducing or removing these duties so that electric stoves and refrigerators might come down to more reasonable prices for the Canadian consumer.

While I am on my feet and making these references to electric stoves, may I also ask the parliamentary assistant whether he can tell us why there is a ban against the importation of certain new types of electric ranges. I do not wish to give free advertising to any one particular manufacturer, but I could send across to him and to the officials who are with him this little folder advertising a certain type of electric range known as the table top type which is becoming very popular amongst the women of the United States and popular in anticipation amongst the women of this country. I know that the Canadian Association of Consumers has circularized its members to ascertain from them what type of electric stove would be most desirable at the present time. The percentage who have expressed preference for this table top type is very high. Women in Canada know about it, but only through reading advertisements in American magazines showing these innovations. Yet I am told there is a complete ban against the bringing of this type into Canada at all. It has been suggested to some of the distributors who have made inquiries that these articles do not meet the electrical standards established in this country. In reply to that I am told they do meet the standards approved by underwriters laboratories in the United States and it would seem—

Mr. Lesage: There is no federal ban on these stoves. If there is any difficulty it will have to be taken up with the hydroelectric authorities in the provinces.

Mr. Knowles: That is not the information I have.

Mr. Lesage: It is the information I have from the officers administering customs.

Mr. Knowles: Then I shall take up that aspect of the matter at a later time with the officials. I am glad to hear the parliamentary assistant say that, so far as the federal government is concerned, there is no such ban. I hope this is not a form of protection under a false guise.

To return to the other question, I would ask the parliamentary assistant to give us the picture respecting customs duties on refrigerators and stoves, and what consideration has been given to the adoption of a more Liberal policy with respect to the importation of these important articles.

Mr. Lesage: Item 415a deals only with refrigerator parts, not with complete refrigerators. It reduces the British preferential tariff from 10 per cent to 7½ per cent and the most-favoured-nation tariff from 22½ per

cent to 20 per cent. These changes bring the item into line with the tariff rates prevailing for complete refrigerators, with the exception of the rate on the British preferential tariff where the 7½ per cent on parts will be lower than the 17½ per cent on complete refrigerators.

Mr. Knowles: Has any consideration been given to either reducing or eliminating the tariff on these items?

Mr. Lesage: Consideration is given continually. It was reduced at Torquay, and the subject is continually under review. The same applies to all these tariff items. This is in line with the general policy of the government I indicated the other day, under which foreign trade should be as free as possible. On the other hand we have some industries in Canada manufacturing both refrigerators and stoves.

May I draw the hon. member's attention to the fact that under 443d, as originally drawn in the resolution, only gas controlled devices for heating apparatus were mentioned. When the resolutions were under discussion the Minister of National Revenue moved an amendment to include gas controlled devices for use on cooking apparatus, so that it would not apply only to heating apparatus. Those devices, as well as the timing apparatus, are not made in Canada.

Mr. Knowles: Do the tariff rates on cooking apparatus as a whole correspond to the rates listed opposite item 443d, or do they correspond with the refrigerator rates? Could we have the figures?

Mr. Lesage: The rates are 15 per cent and 22½ per cent.

Mr. Knowles: On stoves?

Mr. Lesage: Yes, on stoves.

Mr. Knowles: And on refrigerators the rates are 17½ per cent and 20 per cent?

Mr. Lesage: Yes, and 35 per cent.

Mr. Knowles: It seems to me the parliamentary assistant has not made out a very good case in support of his contention that this government believes in as free trade as possible, when he has to announce that there are still in existence tariff rates as high as these on items as important to the Canadian consumer as refrigerators and stoves.

(Translation):

Mr. Robichaud: Mr. Chairman, may I be permitted to revert to customs tariff item No. 403 at page 2140? I overlooked that item because you mention the page instead of the individual numbers. This new item relates to wire cable. May I ask the parliamentary assistant to give me the value of imports of wire cable in 1951?

Mr. Lesage: The imports were approximately $50,000 per year. That is an approximate figure.

Mr. Robichaud: About $50,000?

Mr. Lesage: Yes, approximately $50,000 from what the officers can estimate.

Mr. Robichaud: In connection with that figure of $50,000 could you tell me how much was imported from British commonwealth countries and how much from countries subject to the most-favoured-nation tariff?

Mr. Lesage: I do not have exact figures, but I am told that imports are mainly from the United States. That is the best reply I can give to my hon. friend.

Mr. Robichaud: Would it be correct to state that wire ropes and cables for use in commercial fishing operations are imported mostly from the United States?

Mr. Lesage: Wire cable imports for other use than for rigging ships, sinking wells, forestry operations, amounted to $1,535,509 in 1952. Of this amount, of $1,535,509, as I said a moment ago, $50,000 represented wire cables imported for use in commercial fishing operations. May I add that half of that amount of a million and a half represented the value of imports from the United States, less than half the value of imports from the United Kingdom and the rest, that is to say approximately $100,000, from Germany, Holland and Belgium.

Mr. Robichaud: May I ask the parliamentary assistant to be more definite and tell me, for instance, what is the total value of imports from the United States as compared with those from the British commonwealth?

Mr. Lesage: United States, $767,471; United Kingdom, $648,412; Germany, $75,375; Netherlands, $26,787; Belgium, $11,271.

Mr. Robichaud: Now, could the parliamentary assistant indicate what quantities of these importations are for use in commercial fishing operations?

Mr. Lesage: I said I could not, Mr. Chairman, since these figures are not kept separately by the officials of the Department of National Revenue.

Mr. Robichaud: But where do they get the figure of $50,000 which, according to them, is supposed to represent the imports of metal rope used exclusively in commercial fishing operations.

Mr. Lesage: That is the information I got from the officials of the Department of National Revenue.

Mr. Robichaud: But where do they get it?

Mr. Lesage: I have no idea. I do not think they would be able to give me that information.

(Text):

Mr. Fair: When the budget resolutions were under discussion some days ago I brought up the question of small gasoline engines and the conditions under which they are allowed to enter the country. I understand that the parliamentary assistant was going to give this matter some consideration because in my opinion, and I think in his also, some of the conditions attached to the importation of these engines are not very practical. I wonder if consideration has been given to this matter?

Mr. Lesage: May I say that the engine does not have to be bolted to the machine or attached to the machine; it is permitted to come in duty free if it is on the same skid as the machine. As I said the other day, consideration will be given to the possibility of allowing more latitude to farmers in this connection. I would state however that small engines are made in Canada in considerable quantity, the three horsepower and five horsepower size particularly. It is estimated that about 70 per cent of all small engines used in Canada are now admitted duty free for use with agricultural implements or agricultural machinery. I repeat that the situation with regard to small engines for use on the farm will be further reviewed. We hope to be in a position to arrive at a decision before the next budget is presented. These matters require a lot of information and that is in the process of being gathered.

Mr. Fair: That is a little better than we had a year ago. These engines can be brought in from the United States at prices lower than you must pay in Canada. The previous regulations made it necessary for the engine to be bolted down. If you are using a small engine with a fanning mill you do not bolt it down, you simply set it on the ground and possibly drive in a stake or two to keep it in line with the mill. The regulations should be made practical as well as possible. If that were done I do not think there would be so many kicks coming in from the farmers. The forms that have to be filled out by the dealer and the farmer are simply impractical and impossible to live up to if you are going to make general use of engines on the farm.

Section agreed to.

The Chairman: Shall we pass on to page 7 and page 8?

Schedule agreed to.

Bill reported, read the third time and passed.

EXCISE ACT

Hon. Alphonse Fournier (for the Minister of Finance) moved the second reading of Bill No. 226, to amend the Excise Act, 1934.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, I should like to make just a brief comment on the motion for the second reading of this bill. This is a short bill and its provisions are quite clear. I recall that the Minister of Finance (Mr. Abbott) had this to say in his budget speech on February 19 in connection with this particular proposal, and I quote from page 2132 of *Hansard* as follows:

> A further reduction in the levy on cigarettes seems desirable. It is clear that following the reduction made last year there was a quite definite increase in cigarette sales which, from the point of view of the revenue collector, is very encouraging. Smuggling, I regret to say, is still a difficult problem. I have accordingly decided to recommend that the excise duty, and correspondingly the customs duty, on cigarettes be reduced by $2.00 per thousand which, for a package of twenty cigarettes, means four cents off. Not knowing in advance what effect this further cut will have on the volume of consumption, or the amount of smuggling, it is impossible to estimate what the revenue loss from this move will be. A fair estimate is that it will not be more than $17 million.

I speak as one who does not smoke and who is not personally affected by this present bill. But as a non-smoker I wish to say that I think the taxes on cigarettes and tobacco are still too high. I wish to say also that if we have a smuggling problem at the border today with respect to cigarettes it is largely the creation of this government by the boosting sky-high of excise taxes and other impositions on cigarettes, particularly the large advances in taxes that were made two years ago.

At that time you will remember that the total government imposition on cigarettes in this country amounted to almost three times the taxes in effect in the United States. If you are looking for an explanation of the smuggling I think it can be placed right on the doorstep of the government because of its policy of high taxation. We are glad to see this very modest reduction in taxes being made. It is a step in the right direction. However, it seems to me that it is going to take more than this modest step to break the habit which the government by its unwise policy has taught many people to form.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Beaudoin in the chair.

Section 1 agreed to.

On section 2—*Coming into force.*

(Translation):

Mr. Robichaud: In the schedule to this bill I note, under the title "Marine and Fisheries", rope and cordage of cotton, hemp—

Mr. Lesage: Mr. Chairman, I think my hon. friend is mistaken. We are on the bill to amend the Excise Act and not on the Excise Tax Act. We are on Bill 226 which is merely concerned with the tax on cigarettes. The other will be taken up tomorrow.

Mr. Robichaud: I am sorry, I had Bill 225 before me.

(Text):

Section agreed to.

Sections 3 and 4 agreed to.

On the title.

Mr. Fleming: May I just say that when I referred in my remarks on second reading to the habit that the government was causing certain people to form, I was not referring to the cigarette habit; I was referring to the smuggling habit.

Title agreed to.

Bill reported, read the third time and passed.

FARM IMPROVEMENT LOANS ACT

PROVISION TO EXTEND OPERATION FOR A FURTHER PERIOD, ETC.

Hon. Alphonse Fournier (for the Minister of Finance) moved the second reading of Bill No. 143, to amend the Farm Improvement Loans Act, 1944.

Mr. A. Earl Catherwood (Haldimand): Mr. Speaker, I should like to say a word or two on this bill. When the Minister of Finance brought the measure to amend the Farm Improvement Loans Act, 1944, before the house considerable discussion took place at the resolution stage and the majority of those who spoke at that time were in complete accord with the terms of the resolution which raised the figure under the act to $200 million to the end of March, 1953, and to $300 million to the end of March, 1956.

Mr. Lesage: Might I correct my hon. friend. It did not increase the figure from $200 million to $300 million. It created a new period with a new amount of $300 million. The $200 million which was approved in 1951 will be exhausted in a few weeks. That is why we are pressing the passage of the bill at this time.

Mr. Catherwood: It is $300 million to the end of March, 1956.

[Mr. Fleming.]

Mr. Lesage: That is quite right. It is a new amount.

Mr. Catherwood: There was complete agreement with the proposal made at that time. We all recognize the increasing demands involved in farming operations, particularly arising because of the fact that agricultural operations are constantly becoming more mechanized, and increasing use of the facilities of the Farm Improvement Loans Act is most necessary. In outlining the results achieved since the measure was first introduced in 1944, the parliamentary assistant to the Minister of Finance presented some very interesting figures. They indicated that up to December, 1952, almost one-third of a million loans had been negotiated, totalling $350 million. That is a very remarkable figure.

I think it is also amazing that the total losses guaranteed to the banks and paid by the government only amounted to something like $38,000 over the eight-year period, or an average of $4,800 per year. I think that indicates clearly that generally speaking farmers are very sincere and honest and will always make every effort to meet their obligations when at all possible. In view of the fact that there was only an insignificant loss averaging $4,800 per year over the period of eight years, and in view of what the Farm Improvement Loans Act means to the farmers, while we probably cannot do so in our consideration of the present measure I should like the parliamentary assistant to recommend to the minister and his staff that serious consideration be given to increasing the guarantee to the banks from 10 per cent to 20 per cent, with the understanding that the banks might lower the rate of interest to farmers from 5 per cent to 4 or 4½ per cent.

I know that the minister has studied the matter very carefully in his department and has given it serious thought, but we must remember that today many young people are drifting away from the farms and are not following that occupation. In fact I understand that the average age of farmers today is well up in the fifties. If we are to make full use of the purposes for which these loans were first made, then I think we should give earnest consideration to broadening the terms under which such loans are made. No one realizes more than I that this is a good act. That was pointed out at the resolution stage and we all agree, but I think we can make it a still better act.

Personally I would hesitate to recommend that any young man should commence farming operations today because of the fact that it takes a considerable amount of money to

finance such operations. We have to consider the fact that these loans have helped so many of our farmers considerably. I know personally that they are of great benefit to agriculture, and if we want to help our young people in particular who are starting to farm then I suggest that it would be most acceptable and beneficial if the rate of interest on such loans could be reduced to 4 per cent. The fact that only $4,800 a year has been paid out over a period of eight years indicates that farmers make every effort to repay their loans in full, and I know they will continue to do so. A considerable amount of money running into millions of dollars has been paid out under the agricultural prices support legislation, and I believe that under the terms of the Farm Improvement Loans Act we can give considerable help to our younger farmers. I trust the parliamentary assistant will recommend to his department that serious consideration be given to what I have suggested.

Mr. Jean Lesage (Parliamentary Assistant to the Minister of Finance): Mr. Speaker, may I say now—

Mr. Deputy Speaker: Order. We are now dealing with the second reading of a bill. I think it would be more regular if all other members who want to speak on the bill would do so now. Then the parliamentary assistant can reply.

Mr. Lesage: I merely wanted to advise the house that, when we are in committee, I intend to ask a cabinet minister to propose an amendment so that the maximum loan may be increased from $3,000 to $4,000 in order to meet the request of many hon. members.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, the announcement the parliamentary assistant has just made deals with the point about which I was going to question him. At the resolution stage members of this group indicated their support of the measure. I am sure we all agree with the views expressed by the hon. member for Haldimand (Mr. Catherwood), but it was also our hope that when we got into committee on the bill the government would indicate that consideration had been given to the plea to raise the maximum amount of loan permissible under the act. We welcome the announcement that has just been made that there is going to be an increase in that amount, but I think there will be disappointment that consideration was not given to the higher figures suggested during the course of the debate at the resolution stage.

After all, the cost of setting up business as a farmer has certainly gone up a great deal more than would be indicated by an increase in the maximum amount of loan from $3,000 to $4,000. The figures suggested during the course of the debate were $5,000 or $6,000. We hope that even yet consideration may be given to a higher figure than that which has been suggested by the parliamentary assistant.

Mr. Robert Fair (Battle River): Mr. Speaker, I want to express my appreciation of the suggested amendment, but like the hon. member for Winnipeg North Centre (Mr. Knowles) I should like to see the maximum amount increased to at least $5,000 because the cost of farming operations has certainly increased considerably since the bill was first passed. Perhaps it is not yet too late for the amount to be increased to $5,000 rather than $4,000.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Beaudoin in the chair.

On section 1—*Limitation of liability in respect of loans made during loan periods.*

Mr. Lesage: Mr. Chairman, when we were in committee on the resolution stage the hon. member for Nanaimo asked me if it were possible to give a breakdown of the tables that I had put on *Hansard*, showing the amounts and numbers of loans, as between Vancouver island and the rest of British Columbia. I have here the figures for each district of Vancouver island and I would seek agreement of the committee to have the table printed in *Hansard*.

The Chairman: Is it agreed?

Some hon. Members: Agreed.

Mr. Lesage: The table is as follows:

Farm Improvement Loans Act

Loans since Inception on Vancouver Island to Dec. 31/52

	No.	Amount
Alberni	8	$ 13,795.00
Campbell River	1	2,828.00
Courtenay	20	23,778.00
Duncan	37	35,926.16
Ladysmith	1	570.00
Nanaimo	43	46,141.00
Parksville	1	591.00
Port Alberni	16	14,220.00
Qualicum Beach	2	2,150.00
Sidney	12	8,066.66
Victoria	57	61,711.06
Totals	198	$209,776.88

The hon. member for St. John's West asked me, when we were at the resolution stage, if it were possible to give a breakdown of the eighty claims that had been paid by the federal government to the banks up to the end of December, 1952. I have here a table showing by provinces the number of loans,

the amounts of the loans and the classification of the loans according to their purposes. If it is agreeable I will table the figures in *Hansard* at this point.

Some hon. Members: Agreed.

Mr. Lesage: The table is as follows:

FARM IMPROVEMENT LOANS ACT

Total Claims Paid as at December 31, 1952

—	Implements		Livestock		Construction		Improvements and Developments		Totals	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
		$ cts.		$ cts.		$ cts.		$ cts.		$ cts.
British Columbia	1	489 78	....	.....	1	445 58	....	.....	2	935 36
Alberta	16	5,098 51	1	1,014 99	....	.....	2	1,102 70	19	7,216 20
Saskatchewan	14	7,305 94	....	.....	1	47 12	2	826 01	17	8,179 07
Manitoba	7	2,727 85	3	908 34	....	.....	....	.....	10	3,636 19
Ontario	6	2,038 07	5	1,407 18	4	5,921 59	....	.....	15	9,366 84
Quebec	....	.....	6	3,315 18	9	5,229 30	....	.....	15	8,544 48
Nova Scotia	....	.....	1	186 46	1	319 33	....	.....	2	505 79
TOTALS	44	17,660 15	16	6,832 15	16	11,962 92	4	1,928 71	80	38,383 93

As I said a few moments ago, when we were on second reading, after considering representations made from all sides of the house on the advisability of increasing the maximum loans from $3,000 to $4,000, the government has come to the conclusion that it would be advisable at this time to do so and see how this increase will work. I do not have to repeat all the reasons which brought the government to that conclusion, but of course the representations made by members of the house from all sides have been taken into consideration. I would, therefore, ask the hon. Minister of National Revenue if he would kindly move an amendment to the bill.

Mr. McCann: I would move:

That Bill 143 be amended as follows:

1. Insert the following as clause 1:

"1. Paragraph (d) of subsection (1) of section 3 of the Farm Improvement Loans Act, 1944, chapter 41 of the statutes of 1944-45, is repealed and the following substituted therefor:

'(d) the principal amount of the loan did not at the time of the making of the loan, together with the amount owing in respect of other guaranteed farm improvement loans previously made to the borrower and disclosed in his application, or of which the bank had knowledge, exceed the sum of four thousand dollars;' "

2. Strike out lines 4, 5 and 6 on page 1 and substitute the following:

"2. Sections 4 and 5 of the said act are repealed and the following substituted therefor:"

[Mr. Lesage.]

3. Insert the following in part II as clause 3:

"3. Paragraph (d) of subsection (1) of section 3 of the Farm Improvement Loans Act, chapter 110 of the Revised Statutes of Canada, 1952, is repealed and the following substituted therefor:

(d) the principal amount of the loan did not at the time of the making of the loan, together with the amount owing in respect of other guaranteed farm improvement loans previously made to the borrower and disclosed in his application, or of which the bank had knowledge, exceed the sum of four thousand dollars;' "

4. Strike out lines 20, 21 and 22 on page 2 and substitute therefor the following:

"4. Sections 4 and 5 of the said act are repealed and the following substituted therefor:"

5. Renumber clause 3 as clause 5.

The Chairman: Hon. members will notice that if this amendment carries the bill will have five clauses instead of three. Shall the amendment carry?

Some hon. Members: Carried.

The Chairman: Shall clause 1 as amended carry?

Some hon. Members: Carried.

The Chairman: Shall clause 2 as amended carry?

Some hon. Members: Carried.

The Chairman: Shall new clause 3 carry?

Some hon. Members: Carried.

The Chairman: Shall new clause 4 carry?

Some hon. Members: Carried.

The Chairman: Shall new clause 5 carry?

Some hon. Members: Carried.

Bill reported, read the third time and passed.

CANADIAN WHEAT BOARD ACT

AMENDMENTS RESPECTING CONSTITUTION, OPERATION, ETC.

Right Hon. C. D. Howe (Minister of Trade and Commerce) moved the second reading of Bill No. 223, to amend the Canadian Wheat Board Act, 1935.

He said: I would like to make a statement on the bill, if I may.

The main purpose of the bill that is before us today is to extend to August 1, 1957,—

Mr. Fleming: I thought, Mr. Speaker, that you were calling the Statistics Act. In the order announced by the minister on Friday night the next bill concerned the Statistics Act.

Mr. Howe: Unfortunately the parliamentary assistant is in a committee and we propose to change the order for that reason.

The main purpose of the bill that is before us today is to extend until August 1, 1957, certain vital sections of the Canadian Wheat Board Act which would otherwise expire at the end of the current crop year. So that hon. members may consider the legislation in its proper perspective, I intend to outline briefly the record of the Canadian wheat board, to review events that have occurred since a similar extension of powers took place in 1950, and to set forth the position as I see it today.

The Canadian Wheat Board Act was enacted in its original form in 1935. The 1935 legislation empowered the board to accept wheat, to pay a specified price, and to distribute the profits of the board, if any, in the form of participation payments. It was what we nowadays refer to as a voluntary board; a floor price was provided but the farmer could, and from time to time many of them did, sell on the open market rather than to the board.

In September, 1943, to meet wartime emergencies and under the authority of the War Measures Act, all commercial stocks of western wheat were taken over by the crown at the prevailing prices and the wheat board became the sole marketing agency through which western producers could sell their wheat. This was the beginning of the present system of wheat board marketing. In effect, the board became a wheat pool handling all western wheat, making an initial payment at time of delivery and declaring interim and final payments as the wheat was sold out of the pool.

Until 1947, the wheat board operated under emergency legislation, first the War Measures Act and later the transitional powers act. By that time it had become quite clear that an overwhelming majority of western producers preferred this board method of selling their wheat. Agricultural organizations were unanimously in favour of continuation of the wheat board as the sole marketing agency for western wheat. Accordingly, in 1947, the Canadian Wheat Board Act was amended giving the board the necessary powers to continue marketing wheat as it had been doing since 1943.

So popular, in fact, was this system of marketing wheat that strong representations were made to the government by the Canadian Federation of Agriculture that the system should be applied to western oats and barley. The 1947 legislation enabled this to be done. But because a high proportion of oats and barley is marketed within provincial boundaries, and because we were anxious that the extension of the monopoly powers of the board to these grains should have the full support of provincial legislation and all three provincial legislatures, the government agreed to implement the relevant sections of the act only if the three prairie provinces passed complementary legislation. They did so, and the wheat board commenced the handling of oats and barley on the same basis as wheat on August 1, 1949. Again in 1950 the act came before parliament for another extension and again there could be no doubt whatever of the western farmers' overwhelming support for the prevailing system of handling their wheat, oats and barley. The government had no hesitation in recommending a further extension for three years to July 31, 1953.

A further proof of farm support came in 1951 when a plebiscite was held on the subject of the marketing of oats and barley. Thirty-four thousand farmers in Manitoba voted on this question:

> Do you wish to continue to sell your oats and barley as at present—that is, through the board?

A total of 30,622 or 89 per cent voted "Yes".

To many hon. members these are familiar facts. I give them here so that all members may be aware of the continuous support that has been given by western farmers to the

present system of grain marketing and why the government has no hesitation whatever in recommending a further extension for four years. It is truly remarkable that in spite of the attacks that have been made from time to time on grain marketing policy, both within this house and elsewhere, the present wheat board method of handling grain continues to be supported so strongly. To me this support indicates that the methods of handling grain which have been followed have met the requirements of the day, and that the members of the wheat board have discharged their duties with a high degree of competence.

It is not my usual practice to refer to the services of particular public servants, but I should like on this occasion to express a word of appreciation of the great service rendered to the people of this country and in particular to the farmers of western Canada by the chief commissioner of the wheat board, Mr. George McIvor. Mr. McIvor has been connected with the board from its beginning, first as sales manager, then as board member and for the past 16 years as chief commissioner. Throughout that period he has discharged his duties with a high degree of competence and good judgment.

I should also like to express my appreciation of the work of the other members of the board, Mr. W. C. McNamara and Mr. W. Riddel. Both these men came to the board after serving the producers of western Canada in an executive capacity with the Saskatchewan pool elevators, and they brought to the board an invaluable experience in the handling of grain.

The present method of marketing western wheat has been approved on two occasions by parliament: in 1947 and again in 1950. On both occasions it was possible to point to satisfactory operating results, results which returned good prices to the producer. Now, in 1953, over nine years after the wheat board became the sole marketing agency for western wheat, it is appropriate to look back over the record. The striking fact about that record is the high and stable level of returns to producers. In 1943-44 the producer received a total return for No. 1 northern wheat, basis in store Fort William-Port Arthur, of $1.37 per bushel; in 1944-45, $1.43½; in the five-year pool period 1945-46 to 1949-50, $1.83; in 1950-51, $1.85½; and in 1951-52, $1.83½.

In other words from August 1, 1945, to July 31, 1952, a period of seven full crop years, the price realized by the board and paid to the producer was between $1.83 and $1.85½ for No. 1 northern, basis in store at the lakehead. When one is looking for reasons why the board method of handling wheat has met with such solid and unvarying support from farmers, I think this unprecedented record of stability at good prices is one of the most important.

I know there are some who claim that if farmers had had an opportunity of selling their grain on the open market, and if there had been no British wheat contract and no international wheat agreement, the average returns to farmers would have been even higher. That may be so. No one will ever know. What is plain to see is that under the method of marketing actually in effect returns have been stable at reasonably satisfactory levels, and the same to all farmers delivering the same grades of grain.

Moreover, I suggest that it has been most fortunate for the farmer and for the country at large during these past two years or so that the wheat board has had such complete control over the western crops of wheat, oats and barley. Without that control and the way in which it was exercised to market the 1950, 1951 and 1952 crops, we should today be in a very much less satisfactory position than we are.

Let me recall what happened to the 1950 crop. The spring of that year was late. The crop progressed favourably, however, and by the middle of August was estimated at more than 500 million bushels. Then on August 19, 20 and 22, frosts were widespread. The yield was reduced by 75 million bushels, but even more startling was the effect on grades. When the crop was finally marketed, 40 per cent graded No. 5, No. 6 and feed. The wheat board set to work to sell this extraordinary volume of low-grade wheat. By October 20, 1951, when the unsold balance was transferred to the new crop account, only 70 million bushels of the No. 5, No. 6 and feed grades remained on hand out of the 147 million bushels originally received by the board. The total payment on 1950 crop No. 5 wheat eventually worked out at $1.64 per bushel, No. 6 wheat at $1.51 per bushel and feed wheat at $1.44 per bushel.

Although I have referred only to wheat, it should be remembered that the oats and barley crops were also large and were also frost-damaged, although perhaps not to the same extent as wheat. If the large quantities of low-grade wheat had been treated as a distress commodity, or sold in excess of available markets, the basis on which other feed grains could have been sold would have been seriously prejudiced. The successful disposal of this low-grade wheat required skilful handling.

As we came to the end of the 1950-51 crop year most of us believed we were out of the woods, and that we would not see such

troubles again for many years. Well, it is true that we did not see the same problems. Instead, we got an entirely new set, on an even larger scale and even more difficult to handle. The 1951 crop was again a big one, well in excess of 500 million bushels, but before it could be harvested the rains came. Hon. members from the prairie provinces will remember that it rained almost continuously from early fall until the coming of winter. There was not more than a week or two of even reasonably good harvesting weather. An early snowfall buried the remainder of the crop. About 285 million bushels of grain were left under the snow all winter. As a result over 250 million bushels of tough and damp wheat, oats and barley were delivered to the board. In addition, there were added to the board's stocks of low-grade wheat left over from the 1950 crop, 115 million bushels of No. 5, No. 6 and feed wheat.

The happy ending to all this is now history and is well known to the house. The miraculous spring of 1952 broke the back of the problem, but not before a magnificent job of drying, handling and marketing had been accomplished. I would not want to give the entire credit to the Canadian wheat board for the job that was done, nor would the board wish me to do so. The results are a tribute to the splendid co-operation of all those agencies involved in the handling and marketing of western grain. The handling companies, the railways, the mills, the transport controller and the board of grain commissioners all deserve a major share of the credit.

Nevertheless I do suggest that the existence of the board as the sole marketing agency for western wheat, oats and barley was essential to the achievement of the excellent results that were attained. Being in full control, the board was in a position to move the low grades to market steadily and yet avoid distress selling. The proof is in the prices finally realized for the 1951 crop.

I well recall, as will many of the western members, the doleful predictions that were made early in the season about the prices that would be realized for the 1951 crop. A few months ago the *Western Producer,* in an editorial, recalled those predictions. This is what the editorial said in the issue of November 27, 1952:

> It is just about a year ago that a prominent western agricultural authority warned an audience of farmers that when they had received their initial payment 'they had it'. There would be no more. We don't want to embarrass him now by mentioning his name. But for that matter he need not feel embarrassed. He was in good company, there were thousands of farmers who thought just as he did. For the life of them they couldn't see how the oceans of low grade, tough and damp grain could be moved out at any price. Even his opponents were beginning to pity Mr. Howe and the wheat board for the jam they would find themselves in, holding millions of bushels of off-colour wheat, possibly rotting on their hands, on which they had advanced a substantial initial payment and for which they could find no market.

That is the end of the quotation. The oceans of damp and tough grain were successfully dried or sold to customers who were willing to accept grain with somewhat more than normal moisture content—and at this point let me express a word of appreciation to those overseas buyers who co-operated with the board by accepting tough grain. The large quantities of off-colour, low-grade wheat did not rot on our hands. The board combed the markets of the world for buyers, and they found them at prices which were attractive to the buyers and yet gave a reasonable return to the producers. When the unsold balance of the 1951 wheat crop was transferred to the present crop account in October, 1952, only 66 million bushels were of grades No. 5, No. 6 and feed.

In other words, from the 1950 and 1951 crops, producers delivered to the wheat board 262 million bushels of No. 5, No. 6 and feed wheat, grades which in a normal year comprise a very small proportion of deliveries. By October, 1952, when the 1951 crop account was closed out, only 66 million bushels of these grades remained unsold. As a matter of fact the board has been so successful in selling these lower grades that today they are considered not as a problem, but rather as giving a desirable variety to the qualities that can be offered to buyers.

I have already announced in this house the total returns to producers from the 1951 crop, and the final payments have already been distributed; but so that hon. members may have the facts before them during this debate I repeat the figures which, of course, are basis Fort William-Port Arthur: No. 1 northern, $1.83½; No. 2 northern, $1.81½; No. 3 northern, $1.79½; No. 4 northern, $1.73⅜; No. 5 wheat, $1.60½; No. 6 wheat, $1.52½ and feed wheat, $1.49½.

Small wonder that observers like the *Western Producer* should point to the wide disparity between the doleful predictions that were made and the most satisfactory results that were achieved. I hope hon. members will pardon me if I say that during the past few years some of us have become used to hearing doleful predictions which, happily, were not realized.

I have been dealing mostly with the results of wheat operations. But as I have already said, the wheat board has been handling oats and barley on the same basis as wheat since August 1, 1949. Here again I think it is

possible to point to satisfactory operating results. Deliveries from each of the three crops of oats and barley—the 1949, 1950 and 1951 crops—were virtually all sold within the crop year. In November, 1952, when the transfer was made to the present crop accounts, there were no oats or barley to transfer except those which were covered by futures contracts. Prices realized will be found in the wheat board reports. Let me, however, put on the record now, total returns to producers for the leading grades in each of the three years, again basis Fort William-Port Arthur:

	1949	1950	1951
Oats	$	$	$
2 CW	.84	.84 7/10	.83 3/8
No. 1 feed	.79 1/2	.78 1/2	.77 3/4
Barley			
No. 3 CW 6 row	1.50 1/2	1.33 4/8	1.29 1/8
No. 1 feed	1.31 4/8	1.23	1.21

We are now in the crop year 1952-53. As hon. members are aware, the 1952 crop was the largest ever harvested on the prairies of Canada—664 million bushels of wheat; 346 million bushels of oats, and 281 million bushels of barley. It was a high grade crop. Almost 80 per cent of the wheat will grade No. 3 northern or better. Although the protein content, as might be expected, is a little below average, we are once again able to offer our customers the high grades and heavy weights per bushel which, over the years, they have come to associate with Canadian wheat.

Our problem this crop year is rather different from the problems experienced in the past two years. We have no worries about excess moisture, and low grades do not form an undue proportion of our stocks. Our main problem is to move the grain forward from the farms into position for export. Sales have been excellent, surpassing any previous crop year at this date, and with a little luck I think we shall establish new records for export clearances of grain from Canada, even exceeding the record established in 1951-52 when 509 million bushels were moved out of this country.

I have already mentioned the contribution made to the movement of earlier crops by the transport controller. During the present crop year the value of Mr. Milner's work in co-ordinating the lake and rail facilities of this country has been immeasurable. In spite of the steel strike and its aftermath, grain clearances down the lakes in Canadian vessels during the 1952 season established new records. Deliveries by producers since August 1, 1952, have been greater than in any post-war year.

[Mr. Howe.]

Although our sales are heavy and our export clearances of record proportions, there will be a big carryover of grain at the end of the current crop season; but this does not necessarily mean that Canada is beginning to accumulate burdensome surpluses. We shall have a big carryover simply because for three years we have harvested extraordinarily large crops and in 1952 raised a crop almost twice normal size. It is a good thing for the world that we did raise big crops, for the world has been especially dependent on North America for essential food supplies. And, if nature is less bountiful in the future, we may be thankful that we have something left over at the present time.

When I was preparing for this debate I came across something I said on April 20, 1950, during the debate on the 1950 amendments to the wheat board act. This is what I said, as reported at page 1734 of *Hansard:*

> One can be either an optimist or a pessimist about the ability of Canada to dispose of her wheat at reasonable prices in the trading world of today. I prefer to be an optimist. In fact, if I were not an optimist at this stage, I would be a poor selection for the minister in charge of our wheat selling organization. I believe that we can sell our surplus wheat at prices that will return a profit to our farmers in the future as we have in the past. The reputation of Canadian wheat is unquestioned in world markets. Under the trading conditions of today, price and quality are not always the determining factor to the extent that they were in pre-war days, but price and quality still count for much. Canada has established a reputation in world wheat markets for fair dealing, which will stand us in good stead. The deficit countries of the world will continue to require wheat, and I believe that Canadian wheat will continue to find a market in those countries. The Canadian wheat board has demonstrated its ability to handle Canada's wheat marketing problems efficiently, and I have every confidence that this ability will be further demonstrated in the years to come.

That is the end of the quotation. Perhaps if I had known what was going to happen to our crops in 1950 and 1951 I might not have put myself so clearly on the record as an optimist. In the event, however, optimism was fully justified.

I am still an optimist. I continue to believe that Canada will be able to find markets for her grain at satisfactory prices. I do not mean that the world will beat a path to our door clamouring for our wheat, or that we shall always get the prices we would like to get. What I do believe is that importing countries will require wheat in substantial and growing quantities over the years to come, and that Canada is in a good position to get a share of the market sufficient to dispose of her exportable surpluses at reasonably satisfactory prices.

Hon. members are aware that negotiations are under way for a renewal of the international wheat agreement. You will not expect me to comment at this time on the progress of the negotiations. We hope for a favourable outcome, but we shall not be easily satisfied. It is the government's view that an international wheat agreement can be of benefit to both exporting and importing countries, but if mutually satisfactory terms cannot be agreed upon we can, as we have done in the past, sell our wheat successfully without an agreement. If and when an agreement is signed in Washington, legislation will be presented to parliament to ratify the agreement. The amendments in the present bill are not contingent upon renewal of the international wheat agreement. I have heard suggestions that the continuation of the wheat board in its present form is contingent upon an agreement, but this is not so. The two matters are quite unrelated.

As I said at the outset, the main purpose of the bill before us is to extend until July 31, 1957, those sections of the act which give the board powers to continue as the sole marketing agency for western wheat, oats and barley. These powers might have been extended indefinitely, but it is the government's view that they ought to come before parliament for review and extension every few years. There are also a few amendments of a more technical nature, including one to close out old and inactive crop accounts.

The government has received a number of suggestions regarding use of these unclaimed funds for which no owner can be discovered. As none of the suggestions seem to meet with general approval, it has been decided that funds that have been unclaimed for six years or more will be transferred to a separate wheat board account to be used for such purposes as the governor in council, upon the recommendation of the wheat board, may deem to be for the benefit of producers.

This bill is recommended to the house as the continuation of legislation that has enabled western grain to be marketed successfully, and that carries the support of an overwhelming majority of western grain producers.

Mr. D. S. Harkness (Calgary East): Mr. Speaker, this discussion on this bill at the present time, on the motion for second reading, has caught me a little off base, with the result that I do not have with me my notes and statistics on the subject. As the minister has said, the main purpose of the bill is to continue the present system—

Mr. Deputy Speaker: I point out that since the minister has spoken he has concluded the debate.

Mr. Coldwell: No; he just moved second reading.

Mr. Howe: Perhaps I was slow in rising. It was my intention only to open debate when I made my statement.

Mr. Deputy Speaker: Then the hon. member may proceed.

Mr. Harkness: As the minister has said, the main purpose of the bill is to continue the present system of marketing wheat for another three years. As he has further stated, the great majority of wheat producers in western Canada appear to be in favour of this system of marketing their grain. Under those circumstances I do not think any useful purpose can be served by prolonging unduly the debate concerning this particular method of marketing.

The minister gave a laudatory account of the way in which the wheat board has handled the marketing of grain in the last two or three years, an account in which I think a considerable number of people would not entirely concur. However, on this occasion I do not want to revive arguments we have heard in the house on several occasions in the past concerning the way in which our grain has been handled, the prices secured for it and the losses incurred, estimated at many hundreds of millions of dollars. A large number of people believe that this has resulted from the way the grain was handled.

Mr. Smith (Moose Mountain): Do you believe that?

Mr. Harkness: I certainly believe very large losses were experienced.

Mr. Smith (Moose Mountain): Why are you in favour of the bill, then?

Mr. Harkness: As I say, the great majority of farmers in western Canada are in favour of this method of marketing grain. This is a democratic country; and if that is what the majority of producers of wheat want, by way of marketing that wheat, then certainly I am one who is prepared to give it to them.

I think wheat producers would be much better satisfied with the board if its composition were somewhat different. The legislation makes provision for from three to five commissioners. Up to this moment only three have been appointed, and it is the hope of many farm organizations that the other two appointees might be representatives of the wheat producers themselves, so that producer representation on the board might dictate policy to an extent greater than has been the case in the past. I think producer representation to that extent would strengthen the board, and that this suggestion should be followed.

Alternatively the wheat producers have asked for an advisory board with powers considerably increased over those held by the present so-called advisory board, and that such a body might consist of representatives of the wheat producers. It is the view of the wheat producers that this advisory board should have much greater influence than have any of the producer representatives at the present time with respect to policy decisions.

These are suggested reforms of the wheat board which have been sought for a considerable period of time, and should now be put into effect.

In his speech the minister has given a general account of the amount of wheat marketed and the prices secured for it in the last two or three years. I am sure all hon. members were pleased to hear that as much had been marketed as he indicated, and that prices have held up as well as would appear to have been the case. I am sure, too, that all who are concerned with wheat production will hope that the minister's optimism in respect of the marketing of the present crop is justified. I am not making any predictions in the matter; therefore I am not putting myself in the position of the gentleman whom the minister to some extent castigated during the course of his remarks.

Then I am not particularly clear as to the effect of the section in the bill dealing with unclaimed balances. I have no doubt, however, that we will have a full explanation of how exactly it will work and what disposition will be made of these balances. The bill is somewhat vague in that it says only that these balances shall be disposed of in the interests of the producers as the governor in council may decide. I think we should have some more information on that; but, as I say, perhaps the place to get it is when we are in committee on this bill.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, I think all of us from the prairie provinces are glad to know that embedded in our statutes today is the Canadian Wheat Board Act, which has been on the statute books since 1935 and is now to be extended to 1957. Those of us who can look back over the last 30 years on the prairies can remember the long, arduous fight that was put up by the farmers of the prairie provinces to obtain this board, and the controversies that arose in 1935. I remember those controversies very well because I was a new member of the house and took some part in the discussions of those days.

However, I hope that as far as we in western Canada are concerned, those controversies are ended. We have seen this board in operation and we know the benefits that have been conferred upon the people who produce grain. We know that the farmers in the wheat growing industry have achieved something in the nature of stability.

During the course of his remarks the minister gave the details of the quantities of wheat that had been sold through the board over the last year or so. That was indeed a most satisfactory statement. As he said, we shall probably have a large carryover this year which undoubtedly the world needs if ways and means can be found of paying for the wheat and giving our farmers a reasonable return for their labours when the grain is marketed. No one can foretell what the future holds, but it is obvious that the world will need quantities of wheat for a long time to come.

I believe we have been fortunate over the last period of time because there were short crops in Australia and in Argentina, and also rice was not available from Burma and Indo-China for India and Japan. That gave us additional markets for our wheat and helped considerably. I hope those countries have acquired a taste for wheat so that we may have markets even though other countries increase their cereal production, and even though our cereal production is maintained or increased, as we all hope it will be.

We may talk about the value of our minerals and our forest products, which I noted the other day have exceeded the value of our agricultural production, at least in the export market; nonetheless grain is still one of the major factors in our economy and one of the foundations of our economic stability. In this country we all hope the farmers will be able through good weather and through the methods they are now using in the production of grain to continue at least this high production, and that the world will find ways and means of taking that production in a manner which will be satisfactory to those who produce the crops.

The minister was not in a position today to say anything about the prospects of renewing the international wheat agreement. I hope an agreement will be reached. I hope the price under that agreement will be satisfactory. As I have said already, we do not know what the next few years will bring. We may have a higher production and other countries like Australia and Argentina may have a higher production. Northern Africa under the French regime may be exporting wheat again, or new lands may be opened up for cereal production. We cannot get any

information regarding the outlook, but we may see wheat available for export from the Soviet union.

We remember how they exported large quantities of wheat and took low prices in the early 1930's. We remember what that did to our market for Canadian wheat. It is often said that the depression in the prairie provinces was due to crop failures. To a large degree it was; but it was also due to the exceedingly low prices obtained for wheat when it was sold on the speculative market without any real attempt at maintaining real stability. In my own constituency farmers hauled their wheat to the market at 19 and 20 cents per bushel at the country elevator. That was ruinous. The wheat board and international agreements have permitted Canada and other producing countries to attempt to give some stability to the market along with a more reasonable return to the producers.

Therefore I hope the international wheat agreement will be renewed. I hope our government will do everything possible to get such an agreement. I hope the consuming nations will realize that our farmers' costs of production have increased drastically over the past five years, and that they will be willing to pay a price which will give our farmers a reasonable return for their labour. Various prices have been named to me by some of my constituents ranging from $2.05 up to $2.35 per bushel. They are most anxious, however, that a reasonable market be assured to them once again through a satisfactory international wheat agreement.

I hope ways and means will be found of achieving a satisfactory agreement and, as far as our country is concerned, of permitting the nations that will buy our wheat to obtain the dollars to pay for that wheat from this country. In other words I would like to see a still further downward revision of our customs duties and tariffs. These tariffs have bedevilled trade as far as our farmers are concerned over a period of years. These are barriers against our own income. They are not just barriers against manufactured goods coming in to compete; they are barriers against the returns which must pay for the things we can produce and need to export.

So I am happy this afternoon to have the opportunity of supporting this bill, and to see that it is the intention to maintain the act until August 1, 1957. When the time approaches for its renewal I feel sure that our farmers will want to see the wheat board act renewed again.

The hon. member for Calgary East (Mr. Harkness) said a few moments ago that undoubtedly the minister would give us some information with regard to these unclaimed balances when we are in committee on the bill. I should like to say at this stage that as I read this section of the act it gives our farmers some assurance that before any disposition is made of the accumulated surpluses a real attempt will be made to adjust the fund so that those who are entitled under it to payments on certificates will get all that can possibly be paid to them. Then, when that is over, any undistributed balance should be used for the benefit, as it is put here, of producers.

How can these balances be used? Various methods occur to those of us who have thought about this matter in the past. The money might be distributed for the improvement of cereal crops, for assistance in the production of new and better types of wheat. It might be used for agricultural education, particularly in those branches of agriculture that have to do with cereals. In any event, it should be used for the benefit of producers.

That brings me to support a view already expressed by the hon. member for Calgary East (Mr. Harkness) with respect to the wheat board. Over the years our farmers have asked for more adequate producer representation on the wheat board, and we have discussed that matter back and forth in the house. It is perfectly true that persons who understand the actual mechanics of the marketing of wheat must be on the board, and in the person of Mr. McIvor I think we have a man who has been a very good chairman of the board in the past. But our grain producers want more adequate producer representation. It might be wise to consider enlarging the board to seven members, but in any event of the five members now on the board I think two or even three should be directly interested at all times in the production of wheat.

As far as an advisory committee is concerned, that is another way of giving the producers representation; but our farmers would be much more satisfied with the operations of the board and the negotiation of agreements by it if they felt that they were more adequately represented than they have been in the past.

The wheat board act was placed on the statute books after many years of effort on the part of western farmers and those of us who supported them. I remember the period before 1921 when we had a wheat board. I remember the interim period after 1921 when we were without one. I remember the years between 1930 and 1935. I remember the controversy that followed the passage of this act in 1935; but one thing that those of us who come from the prairie provinces and

represent agricultural constituencies can say is that today there is unanimity among prairie representatives in the House of Commons and substantial unanimity on the part of the farmers themselves.

Surely no one wants to go back again to the old open market method, with its dealings in futures and gambling on the grain exchange. In those days farmers hauled in their wheat in the fall, received low prices, and the speculator benefited the following spring. No one wants to return to that situation. The wheat board act has been something of a charter for the western wheat grower, and I am very happy this afternoon to be able to support the bill for its continuance until 1957.

Mr. Robert Fair (Battle River): Mr. Speaker, as a representative of western agriculturists I am very glad to see this bill introduced this afternoon. I am not speaking only for myself, because all in this group will give the bill their full support. I can look back a little over 30 years to the time when the first wheat board legislation was introduced, in 1919. I must say that we regretted very much when that legislation was done away with a few years later. As the result of it being done away with, the farmers then got busy and organized the wheat pools. The province of Alberta did the job first, and Saskatchewan and Manitoba followed. I am glad to say that the pools are still doing a good job.

In my opinion the Canadian wheat board, which has been talked about and opposed for many years in certain parts of Manitoba, still continues to do an excellent job. It is doing a good job of selling and a good job of satisfying agriculture as a whole in the western provinces. The handling of the crops of the past two or three years has been referred to by the minister. I can remember quite well that on September 25, 1950, and on the same date in 1951, the weather broke and at that time very little of the crop had been threshed. That brought about particularly tough conditions, and we had a lot of out of condition grain. I am glad to say that the vast majority of the farmers are very well satisfied with the prices that have been obtained for them by the wheat board.

As the minister has pointed out, the 1952 crop is the largest that western Canada has ever grown, and to a very great extent that accounts for the degree of prosperity existing in agriculture at the present time. I am sure, though, that we would have been much better off if certain safeguards had been provided when framing the international wheat agreement. We have pointed out our reasons for suggesting that in the past, and I hope some safeguards will be placed in the agreement that is now under discussion. I also hope that in the near future the minister will be able to give us the definite information that an agreement has been concluded. Whether or not an agreement is successfully concluded, I believe we need the wheat board to market our grain. It has done an excellent job in the past; and if an international wheat agreement should not be successfully completed then the board will be able to carry on and I am sure it will do a good job.

I should like to see this legislation made permanent rather than go out of existence after July 31, 1957. I agree with the minister that it is a good idea to have matters reviewed now and again, but even though the legislation were made permanent such a review could undoubtedly take place. I hope that neither the present minister, as long as he holds his office, nor his successor, whoever he may be, will change their minds about the benefits that accrue to western farmers and Canada as a whole as the result of the operations of the Canadian wheat board. Over the years that the present chairman, Mr. McIvor, has held his position, I believe he has done a very satisfactory job indeed. That is true not only in his handling of his regular work, but when many of us have had complaints about shortages of box cars and other matters Mr. McIvor has always been right on the job and has taken immediate and effective action.

I want to pay my compliments to the chief commissioner on this occasion. I believe the closing out of certain accounts will be satisfactory. I am glad to learn that efforts will be made to find the owners of the moneys in those accounts. It is true that many farmers move around quite a bit and do not realize that they have credits in the wheat board account. It is good to see that the moneys will be retained for a certain number of years before being disposed of in some other manner. I also hope that the government will see to it that the moneys are properly spent in the interests of agriculture when these accounts are finally disposed of.

Dealing with our internal wheat policy, I am not yet in agreement with the Minister of Trade and Commerce (Mr. Howe). I have told him that on several occasions. I cannot see yet any sound reasoning why we subsidize our Canadian people at the expense of the prairie wheat growers.

Mr. Coldwell: Hear, hear.

Mr. Fair: On more than one occasion the minister has stated that he was not going to

have the Canadian taxpayers subsidize the wheat growers of Canada. To get the matter straight, instead of that I would suggest that the Canadian wheat growers, the wheat growers of the prairie provinces, are subsidizing not only the people of Canada but also to a certain extent those of other countries. I say that because certain precautions have not been taken to safeguard the interests of the wheat growers. I have pointed out on different occasions that the cost of production has increased very materially since the contract was made.

At the time the agreement was being entered into we pointed out that these conditions could occur. I believe it was only a week ago today that I pointed out that the index of farm machinery prices has increased by 54 points during the past five years and that freight rates, I believe, have increased by some 87 per cent during the past few years. There is no safeguard there at all; and do not forget that the Canadian farmers, the wheat growers on the prairies, bear the brunt of every one of those freight rate increases.

I have not prepared a speech on this matter and I will not say any more at the present time. We shall perhaps have something to say on the different sections as they are being discussed. I do want to say that we are glad to see this legislation introduced, and we shall give it our full support.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Beaudoin in the chair.

On section 1—*Constitution of board.*

Mr. Harkness: Mr. Chairman, I wonder if the minister would tell us if any consideration has been given recently to filling the five commissioner appointments, as they will now be called, particularly with producer representatives.

Mr. Howe: Mr. Chairman, I would gladly fill the other two vacancies if I could find men as competent as the three men who are on the board at the present time. My hon. friend talks about producer representatives, but I might explain that the purpose of this board is to sell wheat, not to grow it. I suppose we could specialize on the growing end by appointing a producer but I do not see that it would strengthen the selling end very much.

The present members of the board are the same men whom the wheat pools themselves have called upon in the past to sell their wheat. They are all from the sales departments of the wheat pools, the men whom the farmers hire. I think they are the type of men necessary to handle this enormous business of selling wheat, oats and barley from the prairie provinces.

Mr. Harkness: As the minister well knows, the idea of having representatives of the producers on the board is not for the purpose of producing grain. It is for the purpose of allowing the producers to have a greater hand in determining matters of policy for the selling of grain. The grain belongs in toto to the producers, and theirs are the interests to be served. It would seem reasonable that they should have some representation on the board to help determine policies to be followed in matters of entering into agreements and so forth, as far as the selling end is concerned. I am sure there would not be undue difficulty in getting two men from the ranks of the producers who could serve an extremely useful purpose, men who would have knowledge for selling purposes as well as knowledge of the producers' problems.

Mr. Coldwell: I do not think this means that farmers have had any lack of confidence in the men who have been selling our wheat at all, but I think it is quite important to have the closest possible co-operation from the producers. If the producers feel that they are more or less directly represented by two producers who understand their problems, they will feel more satisfied with what the board does. Those men, moreover, would be able to report back to other producers of wheat. I think the idea is to keep the closest possible liaison between the board and the producers.

What I, at least, have to say is not implying any criticism of the present board; but in the interests of close co-operation with the producers the board, I think, might include at least two producers.

Mr. Howe: I might explain that the selling of wheat is itself a highly technical matter. It takes years of training to know really what the mechanics are. I do not think my hon. friend would suggest that we should have a board of five, three with technical knowledge and two without technical knowledge. The whole board is not always in one location. We have never appointed to the board a man who has not had years of technical training in the actual selling of the grain, and I would hesitate to change that pattern.

As far as keeping in touch with producers is concerned, the board attends meetings of the producers every year—their annual meetings, the annual meetings of the pools and farmers' unions. The board is always prepared to answer invitations to farmers' gatherings and, in fact, welcomes the opportunity to discuss the business of the board

with producers. In addition there is the advisory board which meets at frequent intervals, and that board is made up at least in part of producers, the other part being millers and retailers. The meetings provide a useful contact with those with whom the board does business.

I cannot endorse the idea that it would be wise to put men on the board who know all about producing wheat but who have no technical knowledge of selling.

Mr. Coldwell: Well, the pools have been very successful.

Mr. Howe: They hire this kind of man.

Mr. Coldwell: Yes; but if you look at the people who operate them you will find they are very largely producers.

Mr. Bryce: You say that the advisory committee meets every month. How many members are there and can you let us have their names for the record?

Mr. Howe: The composition of the board is specified by parliament in the Canadian Wheat Board Act. It is a board to consist of not more than eleven members, but I do not remember who they are. It is a board that is very useful.

Mr. Bryce: There are producers on that board?

Mr. Howe: Oh, yes; largely producers.

Mr. Bryce: Could you put on the record who they are?

Mr. Howe: I would be glad to get the information, but I do not have it here.

Mr. Hansell: Mr. Chairman, to put my thinking straight on this matter, is it not so that since the closing of the grain exchange there has been no open market and that, in reality, the wheat board does not sell wheat? It is the government that strikes trade agreements with other countries, the agreements such as the British wheat agreement or the world wheat agreement; and the wheat board, therefore, in reality becomes the technical adviser to the government. Is that not what is really happening today?

Mr. Howe: Well, there are agreements, but the selling of wheat under an agreement is a technical operation—day by day pricing, charging and forwarding. The over-all agreement is made by the government but the spacing of the wheat, the forwarding of the wheat, and the sales are made by the wheat board. In other words, we probably could not sell any more wheat in May if we wanted to because all the forwarding capacity and all the dock space is fully booked. All these matters have to be considered. They are technical matters.

Mr. MacInnis: The international wheat agreement is an agreement on price, is it not?

Mr. Howe: Yes; it is an agreement on price.

Mr. Harkness: Can the minister tell us what the purpose is of changing the wording from "member" of the board to "commissioner"? What advantage is there in that change?

Mr. Howe: There is no particular advantage except that it is difficult to write to a man and call him "Dear member of the board". The title of "commissioner" is a little bit more distinctive, that is all. There is nothing more in it than that.

I can now give the names of the members of the advisory committee. I find this list in the annual report of the wheat board already tabled. The members of the advisory committee during the crop year 1951-52 were: L. Hutchinson, chairman, Calgary, Alberta; D. I. Walker, Toronto, Ontario; J. C. A. Nijdam, Winnipeg, Manitoba; F. H. Clendenning, Vancouver, British Columbia; J. Theo Roy, Montreal, Quebec; J. H. Wesson, Regina, Saskatchewan; R. C. Brown, Winnipeg, Manitoba; F. Pettypiece, Auld, Ontario; J. A. McCowan, Summerberry, Saskatchewan; P. Farnalls, Halkirk, Alberta; C. E. Hayles, Winnipeg, Manitoba. Of those—

Mr. Charlton: Three are producers.

Mr. Howe: Six out of the eleven are producers.

Mr. Charlton: Did the minister say that six out of the nine were producers?

Mr. Howe: I will count them again.

Mr. Charlton: The minister had better do that.

Mr. Sinnott: Can the minister give any specific reason why rye cannot be brought under the same board?

Mr. Howe: Just because the government has not made provision for including rye in the pool. Rye is a crop that is not used in Canada. It is sold outside of Canada. It is not a crop that the government is particularly anxious to encourage. It is a crop that fluctuates widely in price. My feeling is that if anyone wants to grow rye, he had better sell it himself.

Mr. Bryce: The minister does not need to tell the farmers that; they know it.

Mr. Charlton: Can the minister say whether he has figured out how many growers there are on the advisory committee? Can he also

tell us what is the salary of the commissioners and what that of the two additional commissioners will probably be?

Mr. Howe: Six out of the eleven are producers. The salaries of the commissioners are paid by the producers of western Canada, and I do not think I should disclose the salaries to the committee. They are not paid by the federal treasury.

Mr. Fair: Is it correct to say that all expenses of the board are paid out of the producers' money that is returned for their wheat?

Mr. Howe: That is right.

Mr. Fair: I think that fact should be made plain, because some people feel that some of the expenses are coming out of the dominion treasury, and that is not correct.

Mr. Howe: No. All expenditures of the board, including salaries of the commissioners and of all its staff, are paid by the producers.

Mr. Fair: Will the minister say whether any consideration has been given to making the Canadian Wheat Board Act permanent rather than having the three-year or four-year extensions?

Mr. Howe: Yes. Consideration has been given to that possibility but it was felt that with an act of this kind, as conditions vary from year to year, it was just as well to let every parliament make up its mind as to what it should do about wheat marketing. Personally I would have no objection, but in considering the matter the government thought a four-year extension was a wiser procedure than to make the act permanent.

Mr. Fair: I do not think there will be any disagreement whatever among the provinces concerned because they include only Manitoba, Saskatchewan, Alberta and the Peace river block in British Columbia. I think they are all fairly well decided about what system they want.

Mr. Howe: I am sure that is true, Mr. Chairman; but I see no objection to allowing them to say so every three or four years.

Section agreed to.

Sections 2, 3 and 4 agreed to.

On section 5—*Transfer of undistributed balances.*

Mr. Harkness: Can the minister give us any more information with regard to how the unclaimed balances are going to be dealt with? I should like to know particularly what steps are being taken at the present time to ensure that holders of certificates which are long overdue are found. In other words, are these unclaimed balances advertised as are dead bank balances? What other steps are taken in order to get that money into the hands of the people to whom it rightfully belongs?

Mr. Howe: Every effort has been made to locate the persons to whom this money is due. Advertisements have been used. Letters have been sent. The help of the wheat pool organizations has been requisitioned to try to trace them down. The balances that it is proposed to set aside at the moment are those from the 1940 crop wheat account, the 1941 crop, the 1942 crop and the 1943 crop. The total of these four accounts is $247,289.78; and from other operations, the 1942 crop oats and barley equalization fund, $58,905.57; the 1943 crop oats equalization fund, $98,717.59 and the 1944 crop barley equalization fund, $52,431.63. The balance from the wheat amounts to $247,289.78 and from the other operations, $211,054.59, making a total of $458,344.37.

Mr. Coldwell: Has the minister any idea how many certificates are involved?

Mr. Howe: No. I understand the fund in hand is made up of cheques issued and uncashed and certain certificates that the board was never able to call in. It was on account of the difficulty in calling in certificates that that system was abolished. Today cheques are sent to producers without calling in certificates. These funds have been carried on the books of accounts, as I say, for more than six years. There are other funds accumulating each year. Today it is largely as a result of uncashed cheques. There are ample funds accumulating from following crop year accounts. Of course we honour these cheques or claims whenever they are made.

There has been some discussion about the use of these funds. It has been suggested that they be put into a current pool. There are objections to that procedure because the members of the current pool have no particular claim on the funds. One hon. member has on the order paper a resolution proposing that a fund be set up for young men and young women in the prairie provinces who are sons and daughters of wheat growers, which would provide for scholarships in prairie universities. There was some objection to that suggestion. Since no two representations seemed to agree, it has been decided to set the funds aside in a special account, and at such time as agreement can be reached on using those funds for the benefit of the prairie producers, that method will be followed.

Mr. Bryce: I should like to pursue that matter just a little bit further. A few minutes ago the minister said the members of the wheat board were hired because they knew their business, which is that of selling wheat. When it comes to dividing up the funds, I think the farmers should be given the same consideration; because the farmers put those funds there in the first place through neglect in collecting them. I think it is done by the governor in council on the recommendation of the board. The reference there is to the wheat board?

Mr. Howe: Yes.

Mr. Bryce: May I put it this way. I should like the minister to give this further consideration so that the producers, the people who put the money there in the first place, would have something to say as to how it should be spent. The hon. member who puts a resolution on the order paper year after year would have it go for the benefit of farmers' sons. That money should be paid to train men in agriculture, to make them veterinary surgeons or something like that, that would contribute something to the livestock industry. A little further consideration should be given to the matter.

Mr. Howe: I may say that I thought it was an excellent suggestion myself, but on questioning hon. members from the wheat-growing provinces I found that there were as many ideas as to how the fund should be used as there were members. I was told that the suggestion, however good it was, would not carry a majority of the members of the house. I found that each growers organization had a different idea, and none of them approved of the scholarship idea. They each had suggestions that were varying.

The wheat board is a producers' board, and the purpose of having recommendations of the wheat board and the approval of the governor in council is to make sure that there is a general agreement among the producers as to how this money should be used.

Mr. Bryce: I agree with the minister on that point, that the producers should decide and not parliament.

Mr. Sinnott: I have a suggestion to make. Since the minister has said it is very difficult to find men who have the ability to sell Canada's wheat crop, I would suggest that a portion of this money be set aside to train men for that purpose.

Mr. Ferrie: With regard to these undistributed balances, the main thing I see is that under my suggestion the capital stays intact. You use only the interest. I cannot see why anyone should have anything to say with respect to this money. It does not belong to anybody. If it did, then the right and proper thing would be to have it go to the treasury. We want to prevent it from going there. Another government might say that it does not belong to anybody; it belongs to the government, and nobody can claim it. My suggestion is that this money be invested in government bonds and that the interest be used for the benefit of the boys and girls of western Canada, to help them get an education.

This money is not really under the control of the government. The government has one thing to do with it, really, namely to put it in the treasury. We do not agree with that. As long as this board exists there will be money of that description. If that fund is there it can be added to and the interest could be used, and we would not need to interfere with any other pool money.

Mr. Harkness: If I understood the minister correctly, this provision having to do with six years' unclaimed balances that go into this fund will not in any way prejudice the owner of a certificate which is more than six years old.

Mr. Howe: That is right.

Mr. Harkness: He will still be paid for it in spite of the six-year provision?

Mr. Howe: That is right.

Section agreed to.

Sections 7 to 13 inclusive agreed to.

Title agreed to.

Bill reported, read the third time and passed.

STATISTICS ACT

TRANSPORTATION OF PASSENGERS—UTILIZATION OF SERVICES OF OFFICERS IN OTHER DEPARTMENTS, ETC.

Right Hon. C. D. Howe (Minister of Trade and Commerce) moved the second reading of Bill No. 148, to amend the Statistics Act.

Mr. Browne (St. John's West): Explain.

Mr. G. J. McIlraith (Parliamentary Assistant to the Minister of Trade and Commerce): Mr. Speaker, this bill does not involve any change in the nature of the work being done by the bureau of statistics; it does not involve any matter of principle in relation to that work. It rather has to do with a number of small changes in the authority of the bureau in respect to certain of the techniques of operation.

It is of a nature that the amending clauses contained in the bill are not directly related one to the other. For that reason it is probably something that could best be discussed in committee, but I should say a word, perhaps, about each of the clauses in the bill.

The first part of clause 1 merely deals with an omission in the act when it was passed in 1948, in that the definition dealing with transportation statistics omitted the term "persons", so the bureau could collect statistics of transportation as to goods but not as to persons. Then there is a change in the language used in the definition of public utility.

Section 3 authorizes the minister to utilize the services of employees of other departments, and in addition the effect of it is to make them subject to the penalty for breach of the secrecy provisions of the act. The necessity for that section comes about in connection with the use of census records under the old age security legislation. It merely authorizes the minister to utilize the services of employees of another department. The effect of that is, of course, as will be seen, to prevent a duplication of work by an employee of the Department of National Health and Welfare and the bureau of statistics.

The next clause has to do with the returns made by hospitals, mental institutions and the like. It permits a lesser degree of secrecy with respect to parts of these returns and the publication of them. The publication of information given by hospitals and other similar non-commercial institutions is of such a nature that it must be related to a particular institution to be valuable. This change meets with the wishes of the institutions and the health and similar authorities supplying and using this information.

Paragraph (c) of that clause permits the publication of the names and locations of firms and their products. Formerly that exception was not made, and there was a question about the right to publish certain trade information. Hon. members will notice that the language used in this paragraph is very narrow; publication is confined to the names and locations of the individual firms and the types of products processed.

The next clause concerns the census of population and agriculture. Under the present section the provisions are absolutely rigid, so that it is necessary for the bureau to include in the census questionnaires information it may already have. The modified language in section 4 permits more flexibility, and should result in the cutting down of questions on census forms.

Then section 5 in the bill has to do with statistics on inland waterways. Part of those statistics is already authorized, but there is no comprehensive statistical information authorized in respect of inland waterways, and the point is clarified in section 5 of the bill.

Section 6 merely provides that statistics relating to criminal offences will be collected at periods more agreeable to the proper working of the courts and the provincial authorities giving the statistics, rather than on the rigid basis defined in the older legislation.

Sections 7 and 8 have the same effect. They simply change the rigid period for the giving of information concerning criminal statistics, as set out in the old legislation, and make the system more flexible. I understand this meets with the approval of those who will give the information.

There is not much more that could be said usefully on this motion for second reading. It seems to me that the points might more properly be dealt with when we are in the committee stage.

Mr. D. S. Harkness (Calgary East): Mr. Speaker, the changes contemplated in this revision of the Statistics Act do not seem to be extensive. I trust they will not produce the effect of piling up more useless statistics, at considerable expense to the people of Canada who have to supply them.

Mr. McIlraith: These amendments are designed to cut down rather to increase.

Mr. Harkness: I hope that will be the effect. I have heard a number of complaints from businessmen concerning returns they have to make to the statistics branch. The information I receive in many cases is that the material they have to supply is completely useless.

I have been approached on this matter on numerous occasions, and have a considerable pile of correspondence from what I believe to be the largest distributor of motor car products in western Canada. This organization has had to employ considerable staff, at great expense, to engage in the process of filing these numerous returns. It handles items of equipment and the like. The information I have indicates that this distributor, and one other concern in eastern Canada, are the only people doing this particular kind of business. He believes the statistics he has to turn in are quite valueless; nevertheless he has to keep turning them in year after

year. If he does not he is subject to the penalties, stated as follows in the act:

Every person who, without lawful excuse, . . .
(b) refuses or neglects to furnish any information or to fill up to the best of his knowledge and belief any schedule or form—

—shall be liable, upon summary conviction, to a penalty not exceeding $100 and not less than $20, or to imprisonment for a period not exceeding three months and not less than thirty days, or to both fine and imprisonment.

It seems to me there should be a bit of housecleaning, so far as the statistics branch is concerned, particularly in the matter of information which is not going to be of any particular value. There seems to have been a great tendency to pile up statistics. It is the sort of thing that snowballs. I am sure there is a great deal of validity in the complaints I have received concerning the statistical information which businessmen must file. I believe the work of the statistics branch and of private business could be speeded up by cutting down much of the useless information now required. I would hope that some effort might be made in that direction.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Beaudoin in the chair.

Section 1 agreed to.

On section 2—*Other public servants.*

Mr. Browne (St. John's West): Is this not a very wide power to give a minister, when he is given control over officials in all departments in the manner set out here?

Mr. McIlraith: It does not give the minister control over them, but only the authority to utilize their services. It is not authority to take control of them from other departments. It is authority to use services made available from other departments.

Section agreed to.

Sections 3 to 8 inclusive agreed to.

On section 9.

The Chairman: Perhaps I might point out at this time that, as hon. members will have noticed, in each bill, in order to amend the revised statutes there have been duplicates of some of the sections carried in the first part of the bill. Therefore in this bill, as in others, and as in bills which will follow, sections 9 to 16, comprising part II of the bill, are merely duplicates of part I.

I point this out because I take it for granted that hon. members, having carried the original sections, will wish to carry the duplicate sections. Therefore I shall call the last sections quickly, and when I do so I hope hon. members will keep this fact in mind.

Section agreed to.

Sections 10 to 17 inclusive agreed to.

Bill reported, read the third time and passed.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

HISTORIC SITES AND MONUMENTS

ESTABLISHMENT OF BOARD ON STATUTORY BASIS

Hon. Robert H. Winters (Minister of Resources and Development) moved the second reading of Bill No. 110, to establish the historic sites and monuments board of Canada.

He said: A famous Nova Scotian and Canadian statesman, Joseph Howe, once said that "a wise nation fosters national pride and love of country by perpetual reference to the sacrifices and glories of the past". One expression of the interest which we Canadians have in the history and tradition of our country is the recognition we have given to the importance of preserving and marking our ancient monuments and historic sites. These things recall not only great moments of the past, but thoughts and doings of other days, different from our own and yet a part of all that we are.

The object of the bill now before the house is to provide for the placing of the historic sites and monuments board of Canada on a statutory basis. Public interest in the board has increased greatly in recent years and more emphasis has been placed on the value of its work. The royal commission on national development in the arts, letters and sciences recommended a more comprehensive program of preserving and marking historic sites and monuments. The reconstitution of the board under the authority of an act of parliament would give fuller recognition to the importance of its function.

It is many years now since the federal government first recognized its responsibilities to honour and preserve this national heritage. The national parks branch, which was established in 1911, administered several historic sites, being primarily interested in scenic preservation. In June 1919, following extended representations from numerous organizations and individuals across Canada, the then minister of the interior nominated

an honorary historic sites and monuments board to advise the department in the selection of sites and events of national historic importance and thus worthy of commemoration. This first board was composed of a chairman, Brigadier General E. A. Cruickshank, LL.D., F.R.S.C., of Ottawa, and five other recognized authorities on the history of the different parts of Canada. Among the members was the commissioner of the parks branch, who was the officer representing the department of the interior. The board served without remuneration, but the members received an allowance of $10 a day and their ordinary travelling expenses when attending meetings away from their places of residence.

In 1923 the board was reconstituted and the members were appointed by the governor in council. It was provided in the order in council that "the board is honorary, serves without remuneration and acts in an advisory capacity to the Department of the Interior, in regard to the historic sites of national interest". The reconstituted board consisted of seven members, and Brigadier General E. A. Cruickshank was appointed to carry on as chairman.

Subsequent orders in council were passed from time to time, adding to the membership of the board and filling vacancies as they occurred. The board is presently composed of thirteen members, including one member from each province; the dominion archivist; a representative from the national parks and historic sites division of the Department of Resources and Development and a retired official of the department. The members of the present board are:

Professor Fred Landon, M.A., LL.D., D.Litt., F.R.S.C., London, Ontario—chairman.

Professor D. C. Harvey, M.A., LL.D., F.R.S.C., archivist, the public archives of Nova Scotia, Halifax, Nova Scotia.

The Honourable E. Fabre-Surveyer, LL.M., B.C.L., LL.D., F.R.S.C., the judges' chambers, superior court, Montreal, P.Q.

The Reverend Antoine d'Eschambault, D.S.T., D.J.C., Genthon, Manitoba.

Professor M. H. Long, M.A., F.R.S.C., department of history, the University of Alberta, Edmonton, Alberta.

Walter N. Sage, Esq., M.A., Ph.D., F.R.S.C., F.R. Hist. S., head of department of history, the University of British Columbia, Vancouver, British Columbia.

The Honourable Thane A. Campbell, M.A., LL.D., chief justice of Prince Edward Island, Charlottetown, Prince Edward Island.

W. Kaye Lamb, Esq., M.A., Ph.D., LL.D., F.R.S.C., dominion archivist, public archives of Canada, Ottawa, Ontario.

Charles E. A. Jeffery, Esq., M.B.E., editor, *The Evening Telegram*, St. John's, Newfoundland.

Alfred G. Bailey, Esq., M.A., Ph.D., F.R.S.C., dean of arts, the University of New Brunswick, Fredericton, New Brunswick.

Campbell Innes, Esq., M.A., honorary superintendent, Fort Battleford national historic park, Battleford, Saskatchewan.

W.D. Cromarty, Esq., Ottawa, Ontario.

C.G. Childe, Esq., B.Sc., national parks branch, Ottawa, Ontario.

The board meets each year. In addition to the meetings a considerable amount of work is carried on by correspondence. The work of the board has been increasing and it is possible that in future more than one meeting each year will be necessary.

Hon. members will note that the board's function is advisory only. The implementation of their recommendations is subject to the approval of the minister and to funds being voted by parliament.

Hon. members may ask what criteria can be adopted in deciding whether an historic site is of national interest and significance rather than of only local interest and importance. What the board has done is to recognize certain broad and flexible divisions of Canadian history within which lie events and persons properly of interest to Canadians wherever they may be. These divisions reach back to prehistoric times, which have bequeathed to us relics of Indian life such as are to be found in Ontario and in British Columbia. Then follow the discovery and early exploration of Canada; the earliest French settlements in Quebec and Nova Scotia; the events of the Seven Years war in America; the defence of Canada during the American war of Independence and the war of 1812; the rebellion of 1837 and subsequent "patriot" invasions; the Fenian raids and the uprisings in the northwest in 1870 and 1885; and the exploration of the Canadian west from lake Superior to the Pacific ocean and northward to the Arctic.

In addition to this pageant of our history there are included as well the political development of Canada from the struggle in Nova Scotia for responsible government onward through confederation and the creation of new provinces; the entry into confederation of Newfoundland; our economic development; the social development of the Canadian people; and lastly the achievements of distinguished Canadians both at home and abroad.

Hon. members may be surprised to know that since 1919 the historic sites and monuments board has examined for their historical significance the circumstances surrounding more than one thousand historic sites. It has declared 623 of these sites to be of national importance.

Recommendations by the board, whose functions as I have said are purely advisory, would, under this bill, be submitted to the

Minister of Resources and Development. On his approval, appropriate action is taken by the national parks branch, which has the responsibility for marking and preserving historic sites, subject of course to parliament providing the necessary funds. Already 429 historic sites have been marked or acquired. The remainder, together with future additions, will be dealt with as circumstances permit. The extent to which new projects can be undertaken is, of course, necessarily limited to the appropriations made available. In the three fiscal years ending 1952-53, total appropriations for the construction and operating costs of historic sites and national historic parks have averaged some $226,000 annually.

Perhaps I should refer now to the authority under sections 11 and 12 of the National Parks Act for the establishment of national historic parks. These sections provide that the governor in council may set apart any land, the title to which is vested in Her Majesty, as a national historic park to commemorate an historic event of national importance or to preserve any historic landmark or any object of historic, prehistoric or scientific interest of national importance and to bring it under certain provisions of the National Parks Act for administrative purposes. There are now eleven national historic parks in Canada, from the fortress of Louisbourg in the east to the recently acquired Fort Battleford in the west, administered by the national parks branch. At the present time certain sites are being considered as national historic parks in our newest province of Newfoundland. On the recommendation of the historic sites and monuments board, important preservative action has been taken in these parks, and several museums established to house important exhibits relating to the early histories of the surrounding districts.

In recent years there seems to be a growing desire in Canada to have commemorated the achievements of distinguished Canadians. Names of such prominent Canadians as Sir John A. Macdonald, Sir Wilfrid Laurier, Mr. W. L. Mackenzie King and others have been established in perpetuity in a variety of ways both in the minds of our citizens as well as in plaque and statue. It may be of interest to hon. members that the board recommended at its meeting in May, 1952 that memorial tablets be erected in honour of the late Viscount Bennett at Calgary, Alberta, and at Hopewell, New Brunswick. Arrangements are under way at the present time to have this recommendation carried out. I might also mention that the board has for consideration at its next meeting the question of suitable commemoration of the birthplace of Sir Robert Laird Borden at Grand Pré, Nova Scotia.

The bill now before the house provides for the establishment of a board of twelve members; ten to be appointed by the governor in council and representing each of the provinces. The other two members would be the dominion archivist and the chief curator of the national museum. The chairman is to be appointed by the governor in council. The appointed members would hold office for periods not exceeding five years and any retiring member may be eligible for reappointment.

The powers and duties of the board as set forth in the bill are to receive and consider recommendations respecting the marking or commemoration of historic sites, the establishment of historic museums and the administration of such places, and to advise the minister in carrying out his duties under the act.

The bill defines an historic place as a site, building or other place of national interest or significance, and power is given to the minister to mark such places and to provide for their care and preservation. Authority is also sought subject to the approval of the governor in council to establish historic museums and to acquire land for such purpose.

I believe that hon. members will regard this bill as a tribute to the outstanding work successive historic sites and monuments boards have done over the years. It recognizes the need for permanency in this important phase of our Canadian growth and development as a nation. As Canadians, we cannot but be impressed by the greatness of the legacy our history has left to us to cherish and preserve. By continuing to work toward our objective of preserving the historic sites, buildings and objects of national interest, we shall be making a significant contribution to the education and inspiration of all our people and of visitors from other lands.

Mr. P. C. Black (Cumberland): Mr. Speaker, I know that all members of the house are interested in and find themselves in sympathy with the statement that has been made by the Minister of Resources and Development (Mr. Winters). As he pointed out, no part of Canada has more historic sites, with only a few of them having been marked, than Nova Scotia. No part of Canada has had more individuals, whose record in the life of Nova Scotia and the life of Canada as a whole is more deserving of commemoration, than the province of Nova Scotia. The minister quoted in his remarks the well known words of Hon. Joseph Howe, one of the great Nova Scotians, with which words we are all in agreement. A great deal could be said about and direct references made to the past and present of Nova Scotia.

The minister referred to two prime ministers of Canada, Sir Robert Borden and Viscount Bennett. There are two other Nova Scotians who also became prime ministers of Canada, Sir John Thompson and Sir Charles Tupper. They were both great Canadians who left their imprint on the life of Canada. I have said before and I repeat that Canada would not be what it is, and perhaps would never have existed as it does today, if it had not been for the work carried on by Sir Charles Tupper in the days of confederation. In my native town of Amherst we had four fathers of confederation, Sir Charles Tupper, Hon. Robert Barry Dickey, great-grandfather of the senior member for Halifax (Mr. Dickey), Hon. Edward Chandler and Hon. Jonathan McCully.

The historic sites and monuments board has provided for the commemoration of these four great fathers of confederation in a very meagre way. In the sixtieth year of confederation four tablets were erected on the post office in the town of Amherst commemorating the names of these fathers of confederation. More permanent monuments should be erected to each of these famous men whose birthplace was in or near Amherst, Nova Scotia. There were five fathers of confederation from Nova Scotia, and four of them came from the county of Cumberland.

I know that all will be pleased that the board is being placed upon a more permanent basis than it has been in the past, although great credit is due to Sir Robert Borden, Viscount Bennett and the other prime ministers of Canada for what has been done and the appropriations that have been made from time to time, small though they have been. To name one other historic site in the county of Cumberland, there is the birthplace of Simon Newcomb, one of the greatest astronomers in history. A monument was erected to him at his birthplace at Wallace Bridge in 1930, if I remember rightly. There was a large gathering there on that occasion and among those who attended was Dr. Charles A. Eaton, who was born within a few miles of that site. Dr. Eaton, who was a member of congress in Washington for 28 years, died in January of this year, and it would be most appropriate indeed if a monument could be erected in his memory at his birthplace at Pugwash, Nova Scotia.

I gather from the statement by the minister that it is proposed to pay the members of this board a fee in addition to their expenses. As I understand it, they have carried on up to the present being only reimbursed for their out of pocket expenses and no fees have been paid to them. That is to the credit of the men who were members of the board, and it might be just as well if that practice could be continued. Members of the board, who would be willing to serve in the same way as their predecessors, could be selected from each of the provinces of Canada.

For many years Dr. J. C. Webster, of Shediac, who unfortunately died recently, was the maritime representative. In his day he did more to build up the prestige of the board than any person who ever sat on the board. He must be given credit for the erection of the museum at Fort Beausejour. He enlisted the co-operation of Prime Minister Bennett in the 1930's when it was very difficult to get appropriations; and the museum at Fort Beausejour was built. It has been enlarged and extended since, and tens of thousands of visitors from Canada and the United States go through it every year. The same work has been carried on at Louisbourg and at Annapolis.

As I have pointed out there are a great many similar sites and birthplaces that should be preserved and commemorated in the province of Nova Scotia and other parts of Canada. There are many individuals, such as the fathers of confederation, such as Dr. Charles Eaton and many others, to whom monuments should be erected in Nova Scotia. I doubt whether there is a proper monument erected at the birthplace of that great Nova Scotian mentioned by the minister in his address, Hon. Joseph Howe, although he has a monument at the provincial building, Halifax.

I was greatly pleased a few weeks ago to hear the Prime Minister announce that a monument was to be erected shortly to the memory of Sir Robert Borden. I believe there should be a statue erected to the memory of all the fathers of confederation, and all the prime ministers of Canada. As years go by, if this is done, it will be for the benefit of the younger people of Canada as well as all Canadians.

Mr. Speaker, I am entirely in sympathy with the proposals in this legislation, and I hope the minister will secure larger appropriations than have been available in the past to carry out the invaluable work of this historic sites and monuments board.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, a number of my constituents are particularly interested in this bill and in the subject of historic sites. I think it is a very nice, quiet, non-partisan subject after a very busy day; and I am quite sure, Mr. Speaker, considering the bills that have been put

through the house this afternoon, that neither the government nor the minister will mind members taking a few minutes to express opinions on the bill.

I rise to support the bill, and I am very pleased to see that the historic sites and monuments board of Canada is now going to have a statutory basis.

Some hon. Members: Hear, hear.

Mr. Herridge: I think it is quite right to say that an intelligent awareness of history is a sign of maturity in the individual and in the community. A sense of history is necessary for a sense of continuity or understanding of the society in which we live. I understand that the board is composed of historians of recognized standing across the country. They have done worth-while work throughout the years with but very little public understanding and appreciation. For that I blame the government and to some extent the officials of the department concerned. I trust that this legislation is a step in the direction of correcting that situation. I might say as well that I am of the opinion that the members of the board have been somewhat of the nature of shrinking violets, because they have not given enough publicity to the excellent work they have been doing throughout the years.

Mr. Stuart (Charlotte): Hear, hear.

Mr. Herridge: I am very pleased to hear that favourable comment from the member for Charlotte (Mr. Stuart).

I understand that it is the board's function to make recommendations to the minister concerning the marking of historic sites. According to the last report of the Department of Resources and Development, for the year ended March 31, 1952, there have been 429 sites marked or acquired, and there are 194 recommended for attention at a later date. On the basis of the rate of progress since 1923 it appears to me that it will take at least 20 years to give effect to the recommendations in hand at the present time. Mr. Speaker, I wonder why there is this unusual delay. This is not an expensive work and it does not occasion the outlay of a great deal of money. To me it indicates a certain lack of policy and vigour in proceeding with this work in which a large number of people across this country are interested.

I understand that some of the provincial government make grants, and that actually some municipal governments contribute to the marking of sites of provincial or local importance. It is quite safe to say, from a reading of the various estimates throughout the years, that money which has been available from either federal, municipal or provincial sources has been insufficient to adequately mark the historic sites of this country.

Before going on to the meat of my speech, shall I say—and I trust it has some meat in it, Mr. Speaker—

Mr. Stuart (Charlotte): Hear, hear.

Mr. Herridge: —I do want to pay tribute to the good work that has been done by the following organizations across this country: The Canadian historical society; the Champlain society; the British Columbia historical society; the Kootenay historical society.

Mr. Stuart (Charlotte): Hear, hear.

Mr. Herridge: The last two organizations are greatly interested in marking the very important sites we have in the Kootenay district and in British Columbia. I would like to mention a few individuals, and I have time to mention only a few. The first is Dr. Lamb, director of the archives of Canada. I think we are very, very fortunate in having a man like Dr. Lamb in charge of our archives. I would also like to mention Mr. Willard E. Ireland, provincial archivist for British Columbia and Mr. Bruce McKelvie, unofficial historian for British Columbia, who did an immense amount of work without remuneration and without thought of return in bringing to light historic sites and events. I would also mention Miss Molly Cottingham who spent three years writing, for her master's degree, an excellent history of Kootenay West which has not been published yet. There is also Mrs. Kate Johnson, a neighbour of mine, who last year published a history of Nakusp and the Arrow lakes. I must also mention Mr. R. G. Joy, unofficial historian of Nelson and the late Mr. B. Aitkins of Revelstoke. Both these gentlemen have made a great contribution to our knowledge of Kootenay history. Also there is Mr. John Nelson, a historical writer living in the north Arrow lakes at Galena Bay; and Mr. E. Picard who lives in my own village of Nakusp, who has collected a great deal of the early history of the district, some of which I have handed on to the national archives here. I mention those people, Mr. Speaker, because those who were willing to give their time to this sort of work are making a great contribution towards a more complete knowledge of our history, our social development and so on.

I just want to bring to the attention of the house one interesting incident that occurred at Arrowhead in the north Arrow lakes. In that district lived this gentleman who went there in the early days, Mr. John

Nelson of Galena Bay, who has located Indian graves that had been unknown previously, the sites of Indian camps and things of that sort. He has done this work over a period of many years and has written many interesting articles, and has supplied information for other people who were writing books.

In the early days of our country there was a Frenchman known as Jean Baptiste who came in from Quebec some time after Hudson Bay days and lived there until the early part of this century. While he was there the main company in the district at that time were a group of Englishmen who came from Great Britain, and he and some other French Canadians got on with them very well indeed. He was so surprised at what good-natured people these Englishmen were and how easy they were to get on with that he made a large flagpole, erected it on his property and on it flew the Union Jack on every public holiday. And when he came to leave, I think about the year 1905, he said to his friend Mr. John Nelson that he had so enjoyed his experience in western Canada and his association with these people of British extraction that he asked Mr. Nelson, to whom he gave the flagpole, to continue to fly the Union Jack on every national holiday. That gentleman has continued to do that up to date, and the flag was flown at half mast on his hearing of the death of the Dowager Queen Mary.

I just mention that incident, Mr. Speaker, as one of interest in connection with the activities of one person who has spent a lifetime gathering the notes and the information which will be of value in the years to come.

While the board has done a great deal of work—and I notice there are 194 sites that have been recommended still to be dealt with —I want to take this opportunity to bring to the attention of the house a few things that I think should be given consideration in the constituency of Kootenay West. I am not sure whether they are national, provincial or entirely local in scope, but I am going to mention them at this time. I am quite sure some of them are national in scope.

I think a suitable cairn should be erected somewhere at the crossing of the Columbia, either on the Robson or Castlegar side of the Columbia, to commemorate the discovery of the Columbia by David Thompson. At the present time Fort Kootenay is marked on the upper Columbia quite close to the headwaters and away from the travelled route, but there is no cairn or monument erected anywhere on the Columbia which can be seen by large numbers of local people and visitors. Once again I suggest that a cairn should be erected at the crossing of the Columbia, either on the Robson or the Castlegar side, so the people of the district and particularly the children of the district will be inspired to know of Thompson's discoveries in the early years of the last century.

Then as a boy I went to school and played with a small band of Indians. When I was a boy the surviving Indians of the Arrow lakes district were mostly living in a band in the upper Arrow lakes, with a few of them at the junction of the Kootenay and the Columbia. I went to school with those Indians. Apparently for centuries before the coming of the white man these people had lived there in peace, security, and relative plenty. Yet today, within 100 years of the coming of the white man, we find that tribe so decimated that there is only one surviving squaw. I think that the memory of that quiet, small band of Indians—the Arrow lakes band—should be commemorated by the erection of a cairn or monument.

Then I think something should be done to mark the first discovery of gold on the mainland of British Columbia at the junction of the Pend-d'Oreille and the Columbia. Many of my constituents are interested in the mining and refining of base metals. The first discovery of base metals was at the Bluebell mine near Riondel on Kootenay lake. I could go on and mention a number of others of importance.

While we frequently mark historical sites to record achievements of individuals who have painted large brush strokes on the canvas of history, in my opinion the policy of the board should also be directed towards marking the sites on which occurred events of great permanent social significance. I want to draw to the attention of the minister one or two locations in my constituency in which events happened which had a tremendous effect upon the development of the district and an impact upon the whole British commonwealth.

In the 1890's United States capitalists first became interested in the Slocan country in connection with the mining of lead, silver, gold and other minerals. As a result there was a great impetus in mining in the 1890's in the Kootenay district. Miners came, some from the old countries, some from Cape Breton, and some from the states to the south. A reading of the record on my part clearly indicates that these Americans were primarily interested in quick profits, and not at all in the welfare of their men.

The need for organization soon became evident and the miners in the Kootenay in 1895 joined the western federation of miners. When the union sought collective bargaining and satisfactory conditions for the miners,

they were met with stiff opposition by the companies and the result was frequent strikes. As a result of these conditions, Mr. Speaker, the first organized support for the principles of socialism in British Columbia occurred at Sandon, British Columbia, in 1895, when the Kootenay miners, who were affiliated with the western federation of miners, advanced a program which was similar to that advanced by the C.C.F. group in this house, and supported Labour candidates for the legislature.

I remember quite well the story that during one strike the union hall in Silverton and the office of the management were on the same party line telephone. So that the management would not know what the miners were intending to do from day to day, they got two Scotsmen from Cape Breton who spoke Gaelic, one on one end of the line and one on the other; and for a period of over a month all conversations were carried on in Gaelic, much to the consternation of the mine owners and the management. In fact the management were under the impression that foreigners had taken control of the camp, and as a result they asked the government of British Columbia to send in the troops.

In this connection I want to say that at that time the late Senator Green was the provincial member of the legislature for the Slocan district. I must say that although he was a Conservative, to his undying credit it was on account of the efforts of the late Senator Green—who was the uncle of the hon. member for Vancouver-Quadra (Mr. Green)—that the government of British Columbia was restrained from sending troops into Sandon and the Slocan area to quell the strike. As a result, whether he ran for the provincial legislature or later to become a member of parliament, as a Conservative, he received the support of the miners because of the action he took in preventing the troops from coming in to break the strike.

Another interesting thing in connection with that situation was that the present Senator Thomas Farquhar was president of the western federation of miners in Sandon during the period of the strikes and those most difficult days. Senator Farquhar was then very active as president of the union, and is still remembered by a few of the older miners for his work on behalf of organized labour and his support at that time of a socialistic policy very closely resembling that of the C.C.F.

Well, as a result of this difficulty and other labour conditions in British Columbia, as I said before, there was a consolidation of support for socialistic principles; and I am suggesting, Mr. Speaker, to the minister that an event of such social significance should be recognized. It would be well worth while for us to strike a plaque or erect a cairn to indicate the birth of socialism in British Columbia at Sandon.

Mr. Stuart (Charlotte): Hear, hear.

Mr. Herridge: I am very pleased to see that I have the support of some of the Liberal members.

The first socialist paper in British Columbia was the *Lardeau Eagle,* published at Ferguson, British Columbia, by Mr. R. P. Pettapiece, who I think is retired and still living in Vancouver. How about another cairn to mark the publication of the first socialist paper in Ferguson, British Columbia, which is a small mining camp at the present time?

I want to bring to the attention of the house one event of particular and international significance. Owing to the labour troubles in the Kootenays in British Columbia at the beginning of this century, the federal government appointed what was called a royal labour commission to investigate the whole situation and former prime minister Mackenzie King, who was then deputy minister of labour, was the secretary of the commission. When that commission reported to the government it recommended the legal prohibition of socialism in Canada, and prohibition of the publication of all socialist literature. Anyway, this clash between the owners and the workers continued, and as a result of the continued organization of the workers the first move was made in Rossland that resulted in labour for the first time in the British commonwealth being able to strike without suffering action for damages.

The first right that labour won was the right to organize; the second right was to strike without the union being sued for damages, and that right was first won in the British commonwealth in the town of Rossland, British Columbia, in my constituency. In that connection I just wish to quote briefly from the *Labour Gazette* of 1904: An act to amend the law relating to trade unions was passed in British Columbia; and from the *Labour Gazette* I quote the following:

> This act is of extreme importance in trade union history, not only in British Columbia but also in Canada and the British empire. The statute originated from circumstances similar to those that made necessary the passage of the trade disputes act in Great Britain in 1906, but it will be noted that the provincial statute was passed four years earlier. From July to November, 1901, about one thousand miners at Rossland, organized as a local of the western federation of miners, struck for higher wages and union recognition by the Le Roi Mining Company. In October the company sued the union for damages and asked for an injunction to restrain local unions for attempting to persuade

others not to work for the company; the company was particularly annoyed when members of the union succeeded in getting imported strike-breakers to cease work. The courts awarded $12,500 and costs to the company and a receivership was established. Following this decision in British Columbia protests were made regarding the law relating to trade unions as they were later in Britain following the Taff Vale decision. Martin's legislation was a direct response to these protests and in general provided simply that no trade union was to be liable in damages for any wrongful act in connection with a labour dispute unless such act had been authorized or concurred in by the members of the union or by its officers acting within their powers under the rules of the union.

Now, Mr. Speaker, that was an event of international significance. I again suggest to the minister that the place where for the first time in the British commonwealth a trade union won the right to strike without being liable to damages is a place where a significant social event occurred and justifies recognition by the historic sites and monuments board.

Mr. Gillis: Hear, hear.

Mr. Higgins: Hear, hear.

Mr. Herridge: I am glad to see that I have support from Cape Breton and from Newfoundland. I have mentioned a few places that I think should be given consideration by the board; I could go on, but I do not want to delay the house too long. In general I support the recommendations outlined in the report of the royal commission on arts, letters and sciences, but I wish to place particular emphasis on the following paragraphs:

a. That the historic sites and monuments board undertake a much more comprehensive program in the future and that it be provided with funds adequate for its important responsibilities.

I do want to emphasize that, Mr. Speaker, because I think the government has been very stingy so far as funds are concerned for use by the historic sites and monuments board. Then I go on to paragraph c.

c. That where the site alone of an important historical event has survived without buildings or other evidence of the past, markers be devised with suitable aesthetic and imaginative appeal and with inscriptions more legible and shorter than those now commonly used; and that consideration be given to the commissioning of Canadian sculptors to create suitable and worthy memorials.

There is room for more imagination with respect to the type of marker and cairn used. Paragraph e. reads:

That the board review and establish clearly its policy on the preservation of historic sites—

That is very important. The public should be informed of the policy of the board. As I said before, so far as general knowledge of the activities of the board is concerned, the public know very little about it. The policy of the board should be clearly established, and should be published so that all Canadians know what work the board is undertaking. Then I go on to paragraph f:

That the board by every means, but without encroaching on matters of provincial responsibility, maintain close and friendly relations with provincial authorities which have responsibilities similar to its own; that there be the fullest possible exchange of plans and information; that the board consider whether periodic conferences with provincial authorities might not be practical and desirable.

That is an excellent recommendation. There should be more done along the line of defining the jurisdiction of the historic sites and monuments board, the jurisdiction of the provinces, and the jurisdiction of municipal and local authorities. Then I go on to paragraph g:

That in general the board act as a clearing house for information on all questions pertinent to the appropriate and accurate restoration, preservation and marking of Canadian historic sites and monuments.

The board is a natural clearing house; and if they find a recommendation is made that comes strictly within the purview of provincial or local authority they simply pass it back and inform these people accordingly. In addition to that I suggest there should be close co-operation with national and local historical societies; with teachers' associations, women's organizations, service clubs and other organizations that are interested in this work. I do think there should be a recognition by the board of the related organizations in the provinces and the local districts. This should be some form of official recognition of the work undertaken by people who have spent years gathering information, looking for sites, and making very valuable contributions towards a permanent record of our history. This recognition would not cost very much.

It would be only proper if the gentleman of whom I was speaking in the north Arrow lakes section were to receive some recognition in the form of a scroll, or something of that type, showing an appreciation of the work he has done in connection with the preservation of sites and the gathering of historical information, and others likewise.

I believe there should be co-operation at all levels. While I have offered some criticism of the board and its work, I wish to express my appreciation of the work it has been doing throughout the years. And before concluding may I express my personal appreciation and admiration of the work done by voluntary effort on the part of the board and officials associated with it. I would hope that in the future it might be provided with

funds sufficient to give effect to the recommendations of the royal commission on the arts, letters and sciences.

The work of the board in my opinion is to restore a sense of history and tradition in our people, and in the lives of those who have been cut adrift from a real partnership in that history by the trivia of modern life.

Mr. S. R. Balcom (Halifax): Mr. Speaker, as Nova Scotia is steeped in history I should like to take a few moments to speak in this debate. The Minister of Resources and Development (Mr. Winters) and the hon. member for Cumberland (Mr. Black) have mentioned Joseph Howe. I was very glad to hear his name mentioned, as indeed I am at all times, for about the time of confederation that great Nova Scotian, who fought and obtained responsible government for Nova Scotia and thus for the rest of Canada, said that a wise nation preserves its records, gathers up its muniments, decorates the tombs of its illustrious dead, repairs its great public structures and fosters national pride and love of country by perpetual reference to the sacrifices and glories of the past.

I suggest that the works Joseph Howe advocated and revered are being carried out efficiently and well in all ten provinces of Canada by the minister. He is following the precepts of Joseph Howe; he is conscious that sites and monuments must be preserved for posterity and that our great men of history must be honoured.

Mr. Speaker, we from the bluenose country are very proud of our history and the part played by our forefathers in the development of Canada. Nova Scotia has the proud distinction of being the only province of Canada and the first colony of Great Britain to possess, through royal charter, a flag of its own. The flag of Nova Scotia traces its origin to the charter of New Scotland granted in 1621 to Sir William Alexander, afterwards the Earl of Stirling, by King James VI of Scotland and I of England.

And here, sir, may I say that we have no desire to flaunt this flag; for I believe, Mr. Speaker, that there is one flag for Canada, not ten; as far as I am concerned personally that good old historic flag, the union jack, is adequate. Indeed, we do ourselves honour thereby. Our people must possess a full appreciation of our history; they must place a value on the links with the past. Too many of these links have already been lost through sheer neglect—to cite only one, the routes of the early explorers.

What appeals to me, sir, and I am sure it must also strike every hon. member in this house, is the fact that all provinces of Canada are receiving equal attention from the Department of Resources and Development; no one part is favoured. I am sure, if I might be permitted to speak for Nova Scotia, I could name many parts of the province that have had suitable monuments erected or parks opened in commemoration of some great historic event. May I mention only a few: Shelburne, the Loyalist town; Louisburg and her forts; Wolfe's Landing; King's College, the oldest university in the Queen's overseas dominions, or rather in the British commonwealth as it is known today. Then there is Liverpool, Nova Scotia; Lunenburg, the home of the minister; Annapolis, the home of the "Firsts" in Canada, and where Champlain built his first trading post. And I must not overlook Halifax and Dartmouth, two places full of history which are very well monumented and marked by the historic sites board. For this we are very grateful to the minister for his co-operation and consideration.

Among the places suitably marked in Halifax are: The site of the first printing press in Canada; a plaque in commemoration of the battle between the Shannon and the Chesapeake, when the Shannon defeated a very brave foe and towed her into Halifax; the site of the first post office in Canada; a monument erected on the grounds of Dalhousie university known as the Castine cairn, erected to commemorate an expedition of combined forces of the army and navy, when it invaded Maine and captured Machias. A customs office was set up; and if the Minister of National Revenue (Mr. McCann) were in his seat tonight he would be interested to know that they collected this money, brought it back to Canada and established a university.

Then there is the site of the first zoo in North America; a monument to Captain Samuel Cook, the world explorer once stationed in Halifax; and there are many other things. But all attainments are climaxed by the minister's department taking over the rehabilitation of historic Citadel hill, Fort St. George, and the old town clock, saving them for posterity. Both of these were built by the Duke of Kent, the father of Queen Victoria. The fort gets its name from the duke's father, King George III.

In this connection I wish to refer to the invaluable contribution to these developments by our Nova Scotia archivist, Dr. D. C. Harvey. He is not only making a fine contribution in that capacity and in the field of historical writing, but he has given devoted service on the historic sites and monuments

board. His work is best summed up in the words "modesty and integrity", qualities which arise, in part, from a keen historical sense and which all citizens would do well to emulate. Let me pay tribute here also to Major William Coates Borrett, whose work has been of particular interest to Halifax city. He is making his mark in the restoration of Citadel hill.

Across the whole length and breadth of this country there is ample evidence that Canadians as a nation, and this Liberal government of today, possess a full realization of the importance of preserving our records and keeping alive the glories and achievements of the past. These will be an inspiration to the present generation and the generations to come, for as time goes on immigration will bring in those not so familiar with our history. Our historic sites and monuments from Newfoundland to the Yukon should be a panorama of past achievements in one form or another.

Already the Citadel hill restoration has created interest in all parts of Canada and the United States, for no less than 40,000 visitors registered there last summer. My colleague, the senior member for Halifax (Mr. Dickey), and myself would like at this time to make the hon. minister aware that Nova Scotians are most grateful for his farsightedness, his broad vision, his devoted interest and his introduction of Bill No. 110.

Mr. D. S. Harkness (Calgary East): Mr. Speaker, when this bill has been passed, I trust that the historic sites and monuments board of Canada, being then on a statutory basis, will feel sufficiently secure in their position to be able to go ahead and suitably mark and otherwise deal with historic sites without giving consideration to religious or other matters which may come into the question.

I say this because of what happened a year or two ago. An association was formed in and around Calgary for the purpose of restoring and suitably marking the first church built in southern Alberta, at Morley, between Calgary and Banff, on the Stony Indian reservation. This association wanted some official backing and financial assistance. They wrote to me and asked me to take up the matter with the minister and the historic sites and monuments board. I spoke to the minister about it and he seemed quite favourably disposed. He thought perhaps it was a good idea to have this church restored and properly looked after. However, he said the thing would have to be referred to this historic sites and monuments board. It was duly referred there and the answer came back that they did not make it a practice to mark or otherwise deal with sites in connection with which there was any religious association, or something along that line. As a result that particular church and site, at which the first church was established in Alberta, has not yet received any help or been recommended for recognition.

It seems to me that considerations of that kind should not enter into the matter. As I say, I would hope that when this board is set up on a statutory basis it will feel sufficiently secure in its position to deal with these questions of historic sites which come to its attention on their merits and not from the point of view of religious, racial or other considerations which may affect the site and its marking. I mention this matter again at this moment, not only to recommend it once more to the minister but to bring it again to the attention of the historic sites and monuments board in the hope that something definite will be done with regard to this particular historic site.

Mr. G. M. Murray (Cariboo): Mr. Speaker, the bill before this house will perform a most important service if it merely keeps the story correctly recorded. We are proud of our historical background in the Cariboo. Anyone who lives as I do on the banks of the Peace river would naturally be interested in the history of that northern area.

In 1805 a magnificent trading post was established at the headwaters of the Peace river by Alexander Mackenzie of the North West Company at Fort McLeod. Fort McLeod appears in all the histories of British Columbia and western Canada. When Alexander Mackenzie made his historic journey overland to Bella Coola he made a journey that stands out in the history of America. He directed that Fort McLeod on McLeod lake be established.

One would think that an historic site of that kind would be marked by a cairn or monument, possibly to the great highlander Mackenzie. But time marches on and what do we find? About one year ago "Fort McLeod, B.C." was removed body and breeches to Alberta and placed in the riding of the hon. member for Macleod (Mr. Hansell). The name was taken off the official records of Canada. This fort, established as it was in 1805, was taken to Macleod, Alberta, and attached to that small cattle town down below Calgary, possibly for the enjoyment of United States tourists.

That incident was most regrettable, and is something which should be corrected through the provisions of this bill which is before the house. There is an ancient moral

law that you must not change boundary lines or historical monuments in a country.

It is a great pleasure to us that Dr. W. Kaye Lamb, a native son of British Columbia who was born on the banks of the Fraser river, now the dominion archivist and one of the most distinguished members of the public service of our country, is a member of this board. I know Dr. Lamb will co-operate in seeing that in future there are no more of these gross deeds committed such as changing British Columbia historical place names. I hope that in due time Fort McLeod will be returned to its ancient and beautiful site on McLeod lake in northern British Columbia, on the pine pass highway.

There is one other matter I should like to bring to the attention of the minister in the hope that under this bill something will be done to improve and make beautiful the cemetery at Barkerville, British Columbia, which contains the ashes of some of the most gallant and distinguished pioneers our country has known. Barkerville cemetery at the present time is overgrown with thorns, thistles and other wild things. The fence is broken down.

There should be a permanent monument to these men who were actually the first gold seekers in British Columbia, regardless of what the hon. member for Kootenay West (Mr. Herridge) has to say about it. In 1858 they were taking small quantities of gold out of Williams creek at Barkerville, and in 1860 the value increased to millions of pounds annually, though the mines were five hundred miles from the Pacific coast and accessible only by means of a very rough trail.

In that historic cemetery are the remains of the great Cariboo Cameron who came from Glengarry. He went into Barkerville in the early sixties and made a vast fortune in the mining of gold which he took back to Glengarry and spent handsomely on his relatives and friends. He then returned to Barkerville to make a second fortune. The story of Cariboo Cameron is one of the epics of Canadian frontier life, as is also that of Twelve-foot Davis, who was one of his associates.

The remains of men of that type lie in Barkerville cemetery. Something should be done to make this cemetery a permanent memorial to the early pioneers of our country, as has been done at Halifax and elsewhere.

I want to say a word with respect to the hon. member for Kootenay West (Mr. Herridge) and his fine tribute of a purely political nature, which I do not think had any place at all in this debate, in which he referred to Hon. Joseph Martin, who was premier of British Columbia in 1900. If I heard him correctly, he identified Martin either with the socialists or with what at that time was the embryo of the C.C.F. If he did that he did an injustice to one of the great men of that day, Joseph Martin, a Liberal and Liberal premier of British Columbia for a very brief period, but one of the great reformers of his time. He was a native of Milton, Ontario, who sat not only in the British Columbia legislative assembly but was at one time or another attorney general of Manitoba, a member of the Canadian House of Commons, and to top it all went over to England and became a member of the British house for East St. Pancras. He was a distinguished lawyer and statesman, perhaps a bit rebellious and original in his approach to matters of state but nevertheless a very great man.

Together with the late Mackenzie King and the late Ralph Smith of Nanaimo, who was president of the federation of labour in Canada at that time, he brought about labour legislation which had such an influence upon the industrial life of our country. Let us keep the record straight, give credit where it is due and certainly erect appropriate memorials. As a matter of fact some of these Liberals do not need anything in brass or stone. Their names and their works live after them, and that is about the best memorial any man could wish for.

Mr. H. P. Cavers (Lincoln): Mr. Speaker, when I heard the Minister of Resources and Development (Mr. Winters) refer to a famous Nova Scotian, Joseph Howe, I thought it was a creditable thing that he should refer to a celebrated figure of his native province. However, it occurred to me that probably we are not carrying out the suggestions of Joseph Howe as we should be. Our neighbours to the south have found it to their advantage to take note of and mark some of their famous historic sites in order that their newer citizens and the young people of their country may have some interest in their past history.

In the constituency which I represent we have Fort Mississauga at Niagara-on-the-Lake which is not only a place of local interest but one of international importance. It was a celebrated fort in the war of 1812. In recent years it has fallen gradually into a dilapidated condition, a state of disrepair. I suggest that the board which is being set up might consider the restoration and preservation of the fort in its natural state in order that it might retain its place in the historic life of the country.

I should like to refer to another place which, although probably not an historic site,

certainly is a hallowed spot; that is the memorial tower in these buildings. I am informed that the Book of Remembrance contains the names of veterans of the war of 1914-18. I should like to see a book of remembrance prepared commemorating the names of those persons who gave their lives in the second world war. I am not prepared to say whether there is sufficient space to house a book of this kind in the present memorial tower, but I believe that certainly some place in this building should be set aside as a sacred spot to house a book of remembrance containing the names of those persons who gave their lives in the second world war.

I believe the permanent board that is being set up to look after matters of historic importance might consider these facts. If they undertake their work in a conscientious manner—and I know they will—there are many places throughout the length and breadth of the country that should be suitably marked in order that they may stand as monuments to the efforts of people who in past years have helped to build the history of the country.

Mr. Rodney Adamson (York West): Mr. Speaker, I would not have entered the debate if it had not been for the hon. member for Kootenay West (Mr. Herridge) making some reference to the first case of trade unionism in the British empire. Apparently the house is not aware of the case of the Tolpuddle martyrs. I want to bring to the attention of the house that the first member for Bytown, Mr. S. Derbyshire, was the defender of these martyrs. He was one of the counsel employed to defend them in 1834. I think that shows that predecessor parliaments in the days of Upper Canada were founded on a spirit of tolerance and justice. I merely wanted to mention that because it appears to be a historic fact that has not been remembered.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, sometimes during a session there are occasions when one can look over our country and pick out bits of history that need to be recorded. I am very happy indeed that the historic sites and monuments board does such recording almost continuously. A short time ago I became interested in reading something of the early explorations of the prairie provinces. What intrigued me first of all was to learn from Rev. J. W. Whillans, of Vancouver, that in the call letters of the C.B.C. station at Watrous, Saskatchewan, CBK, the K stands for Kelsey, the man who first travelled along the North Saskatchewan river in 1690. That story has only recently come to light in our archives. I believe his diaries were read after having been lost for almost two centuries.

We know very little about the early history of the prairie provinces, and it seems to me that a great deal more research should be done for the purpose of marking historic sites and remembering those who have explored the regions which today have become settled and are becoming more important to our country and more prosperous as the days go by. As I understand it, there are few monuments to this young man who at 20 years of age was sent to Churchill by the Hudson's Bay Company. After he had been there for a while he was sent out to get furs and to try to negotiate with the bands of Indians who then roamed our western plains. On that journey he spent two years. I am told there is a cross to his memory at The Pas, but I believe that is the only monument to his memory to be found anywhere on the prairies or elsewhere in Canada. Yet it was this forgotten young explorer who first saw the North Saskatchewan river flowing through the prairies and who penetrated to the South Saskatchewan and the Battle river. He probably was the first English-speaking explorer to see either northern Saskatchewan or northern Alberta.

It seems to me the board, with the assistance of the archives and the government, might do a little more to give us a story of the early explorers, both of the French who saw the southern plains first and of this young English explorer who saw the northern part of the prairie provinces—Manitoba, Saskatchewan and probably Alberta—for the first time in the year 1690.

Since we are discussing these historic sites and historic monuments, there indeed is a field that might be explored a little more than we have been able to explore it in years gone by. There is, too, the problem of the preservation of historic spots. In my own province of Saskatchewan we have the rifle pits around Duck lake where the last Riel rebellion was fought. Some may object to calling it the Riel rebellion because it was the protest against the threatened loss of the lands of the French-speaking metis who were in that area of Saskatchewan. The rifle pits are being obliterated.

These historic sites, so few of them, which are marks of our early years in our prairies and indeed in other provinces, should be carefully preserved so that in future years students and others interested may visit them.

After all, to appreciate the history of a country and its people, one needs to know something of what they did, how they lived and what they went through, particularly in

their early years. I think the reason we find it sometimes difficult for boys and girls, students of our primary schools and high schools, to become interested in the history of our country, which is very fascinating, is because we have not marked some of those spots, and we have not shown them where certain events of interest to our country occurred in days gone by. I think perhaps those of us who had the opportunity when we were young of living in a historic city, for example, and of learning our history by visiting places in those cities—the city gates, the city walls, the city castle and the old cathedral with its wonderful craftsmanship of the middle ages—have a greater interest in the history of our people and our country.

It seems to me that this parliament might do more, as outlined in the Massey commission recommendations, to assist with the marking of historic spots and with their preservation so that young Canadians in years to come can better understand the history of French Canada, the history of English Canada, the history of Acadia, and of the explorers who crossed the Rockies and went down the rivers of British Columbia. Canada might, of course, have owned the western states of Washington and California if our forebears had indeed known more about the country.

I just wanted to rise, when this opportunity was given to the house, to suggest that a great deal more should be done to encourage the board and the government to mark places of significance in the early history of Canada. One of the individuals whose life, explorations, diaries and works should be studied is the young man whose surname gives the call letter to CBK at Watrous, the young man who served the Hudson's Bay Company and explored our northern prairie region, Henry Kelsey, who thus deserves more recognition than he has received.

Mr. E. G. Hansell (Macleod): Mr. Speaker, I would like to say a word on this matter by reason of the fact that a few moments ago the hon. member for Cariboo (Mr. Murray) spoke and registered some little complaint. In listening to him I gathered that it was assumed that Fort McLeod had been taken from his constituency and moved to mine. Now that is just not so. It is true that there was a community in the Cariboo constituency known as Fort McLeod, but Fort Macleod has been an historic spot in southern Alberta for around 75 years. That figure would not perhaps impress those from eastern Canada very greatly, but 75 years back, nearly a hundred years back, there was nothing at all in western Canada except Indian tribes.

[Mr. Coldwell.]

Fort Macleod was known in those days and established as an outpost by what was then the North West Mounted Police. The town of Macleod, from which the constituency which I have the honour to represent is named, was in the early days known as Fort Macleod. Eventually the post office there became known as Macleod, and it was so indicated in the post office guide.

In the early days that fort was a landmark in the southern part of Alberta and the post of the historic North West Mounted Police. I am reminded by my leader here that Fort Macleod of that area was for many years the only outpost of the North West Mounted Police west of Regina. It was largely because of the establishment of Fort Macleod in southern Alberta that law and order was brought to western Canada, at least to the regions beyond Regina.

The old barracks of the North West Mounted Police stood for many years in the town of Macleod, but one by one they were allowed to deteriorate until today there is not much of the original buildings left standing. I believe it is a shame that this fort with all its historic significance was allowed to deteriorate. Had this present measure been effective right along throughout the years perhaps these buildings would not have been allowed to deteriorate and almost completely disappear.

I therefore welcome this measure and ask the minister to exercise his authority under it, as will many other hon. members for certain sites in their own constituencies. I believe that Fort Macleod in southern Alberta has a sort of priority in claim to be restored and for suitable monuments to be placed there. Many books have been written about the experiences and the life of the people in that part of the country in the early days.

I might mention this, Mr. Speaker, in connection with what was said by the hon. member for Cariboo (Mr. Murray). He assumed that the fort was moved. That is not so. What happened was simply this. Interested and civic-minded citizens of the town of Macleod, seeing what was happening in respect to the old fort, wanted to call a halt to it. Recognizing that the town of Macleod had a historic background, they desired only to restore the original name, and they took appropriate action. Today that town is now known as the town of Fort Macleod. I believe it will now become necessary to amend even the Canada Elections Act to have the constituency known as the constituency of Fort Macleod. That is desirable, in any event.

I might say this. Perhaps I am a bit rusty on my western Canada geography, but quite frankly I may say that I did not know there was a post office named Fort McLeod away up in the Cariboo country until the name of the town of Macleod in southern Alberta was restored to its original name of Fort Macleod. Then I addressed a letter to one of my constituents in Fort Macleod and had it returned by the post office authorities, who said that the only Fort McLeod they knew of was in British Columbia. That was the first time I had known that there was a Fort McLeod in British Columbia.

The only thing that has happened is that the town of Macleod has now reverted to its original name of Fort Macleod. It does have a history, and an exceedingly important one. I ask the minister to take this fact into account when he exercises his authority under this particular measure.

(Translation):

Mr. A. M. Robichaud (Gloucester): Mr. Speaker, I only wish to add a few words to the interesting and constructive remarks made this evening concerning the bill now before the house. I make it a point to speak in my mother tongue because I deem that it is appropriate and advisable that a French voice should intermingle with others tonight to speak briefly about the establishment of a historic sites and monuments board for Canada, as expressly provided for in this bill.

Mr. Speaker, in my opinion, the descendants of old France have been, along with those of the emerald isle and of the Anglo-Saxon race, the architects of Canadian history. That is why I rise tonight to bring my small contribution to this debate.

The historic sites and monuments board of Canada, which is provided for in the bill, should be, as I have pointed out, truly representative of the country, not merely from a geographical or purely provincial point of view, but especially from the ethnical point of view. The government should not forget that. I wish to stress that the ethnical factor must not be overlooked and that one of the members of this commission should be of Acadian descent, a son of old Acadia. Consequently, I am making the suggestion to the Hon. Minister of Resources and Development (Mr. Winters) that at least one representative of Acadian origin should be appointed to this commission. After all, Mr. Speaker, we Acadians have a history and it is quite a history, some chapters of which were extremely tragic and even prompted one of the greatest American poets, Longfellow, to immortalize the history of Acadia in his poem "Evangeline".

We have our own mentality, our own ways and customs. We have also our culture. I say that we make up a very important element in the French population of this country. We should be represented on this commission. I contend that, if there is no historian of Acadian origin on this commission, very important chapters of our history will be overlooked.

I therefore suggest to the minister that since the Acadians now make up one of the most important groups out of the total population of New Brunswick, it would only be fair and logical that the representative of our province on this commission be an Acadian. We do have highly competent historians. Why should a place not be found for them on the commission?

Those are the remarks, Mr. Speaker, I wished to make with regard to this debate. I could of course go on to mention the very important historic sites in our province of New Brunswick, especially in the northern part, but I realize that the minister, coming as he does from the maritimes, will see to it that after the demands of the western provinces have been satisfied, those of the maritimes will be looked after, but especially that the Acadians will have one representative out of three. Once more I stress the importance of having a historian of Acadian origin as a member of this commission. Before resuming my seat, I thank the hon. member for Rosetown-Biggar (Mr. Coldwell) for having mentioned Acadia in his remarks.

(Text):

Mr. Maurice Boisvert (Nicolet-Yamaska): Mr. Speaker, I wish to say a few words with respect to this legislation. I think it is appropriate that a voice from Quebec should be raised in support of this motion. History is the background of any civilization and, as everybody in this house knows, Quebec is the background of the national history of this country.

We do not envy any historical site in any other province. We are in full agreement with all those who have taken part in this debate and who have claimed that historic sites in various provinces should be brought to the attention of the children and also of the grown-up people. Nevertheless I think great consideration should be given to the his-

torical sites of the province of Quebec because we have sites whence came discoverers of the western provinces, of the western part of the United States and of many other places in America.

I am therefore asking the minister that, in organizing the body which will take care of the historical sites of the province of Quebec, he give great consideration to those various sites in our province which are known by us but not always by everybody else in this country. I have confidence in the government that our province will not be neglected in the organization of a scheme which will appeal to the people of Canada in regard to these sites. If they come to my constituency they will discover quite a lot of historical sites that should be known by many people in our country.

Mr. W. J. Browne (St. John's West): I think representatives from nearly all the provinces have had something to say on this bill with which everybody is in agreement. I do not think there is any voice that could be raised against a constitutional board of this kind; but I am wondering whether it is going to make any difference to the work that has been carried on by voluntary organizations for so long. They have found and marked over four hundred spots in the dominion and I think there is only one place now that has not been given due attention, namely the new province of Newfoundland, which tomorrow will commemorate the fourth anniversary of its entry into the Dominion of Canada.

When we came into the Dominion of Canada four years ago we may not have brought very much material wealth, but we brought a wealth of historical tradition, because we can lay claim now to being the oldest part of this dominion, having been discovered in 1497 by John Cabot, and having had people settled there before Champlain came to Quebec. We had efforts at settlement made in 1610 by John Guy, but there are people in Newfoundland today who claim that their ancestors were settled in Newfoundland before John Guy attempted to found his colony. We have on the east coast of Newfoundland an area between Bonavista and Trepassey which is full of historical places. There I could mention Cupids, where John Guy attempted to found his colony; Ferryland, where Calvert, Lord Baltimore, attempted to found a colony until he was driven off by the hostilities of the French fleet and went to found a colony at Baltimore, Maryland. Then we have Carbonear and Bonavista, two places which were able to hold out against the attacks of the French army, which had come overland and captured all the fishing settlements except these two places. We have Placentia, which was for many years the headquarters of the French occupation, and where the French Franciscans appointed from Quebec by Monsignor de St. Valier were established for many years and where were found up to a few years ago Basque tombstones going back to the sixteenth century. I saw them myself, but I believe they were removed by people who came and saw those ancient monuments and took them away.

We have a good many other historical places which I hope will soon be marked. I do not know of anything that has been marked down there since we came into confederation, except a monument to Alcock and Brown, who were the first airmen to fly directly across the Atlantic. We had the first trans-Atlantic wireless, the first trans-Atlantic cable and many other interesting historical associations that have yet to be marked. But the principal part, it seems to me, is that area that I have described: Bonavista, which was supposed to be the first place in North America which was seen by a person coming from Europe, and St. John's, which was supposed to be the first place that Cabot entered.

I certainly agree with the previous speaker with respect to the importance of Quebec. There is no doubt that Quebec has a glorious history, from the time of Cartier, Champlain, Maisonneuve and all those wonderful Franciscan, Sulpician and Jesuit missionaries who went with the explorers across this country and into the trackless wilderness and lived for many years with the Indians, endeavouring to bring to them the virtues and benefits of Christian civilization.

It seems to me that perhaps the historic sites and monuments board has not given as much consideration as it should to some of the places where these people laboured. I am thinking particularly of Huronia, where the Ontario government and private archaeologists have done so much work in digging up the remains of the forts at Midland where the Jesuit Brébeuf and his companions were martyred over three hundred years ago.

There is no doubt there is a great work ahead for this board, and now that they are going to be put on a new basis where they will receive compensation for their services, I hope the work they do will be such as will merit the gratitude of hon. members and the people of this country. I hope, too, that it will mean a new inspiration to the youth of this country to labour as those distinguished people whose names I have mentioned, or who have been mentioned in this debate this evening, have laboured for the benefit of those who were to come after them.

Mr. G. A. Cruickshank (Fraser Valley): I want to take a little different line from the

previous speakers I have heard—and I have only heard a couple. Nevertheless I am not particularly interested in having any new historic sites erected in my riding. The very name itself is historic enough. It is one that will be historic here long after many other ridings are no longer remembered.

We have three historic monuments in my riding, Mr. Speaker, that I am particularly interested in. The hon. member for Cariboo (Mr. Murray) spoke of the historic sites in my riding. I presume the hon. member for Comox-Alberni (Mr. Gibson) has also spoken. He has a very historic site in his riding, Bamfield, an outstanding part of his riding. I am not so much interested in the board as in the sites that we have now, namely at Alexander, Yale and Hope in my riding.

Not so long ago I got a letter from somebody in the department asking me for the name of an individual who would take care of one of these sites—and this is not patronage; if my hon. friends in the opposition think so I will give them that part of the patronage. In the province of British Columbia we either give our services for nothing or we believe that the labourer is worthy of his hire. We go to a lot of trouble and write a lot of books about these historical sites; we give people degrees and they put D.P.Q.'s and O.B.C.'s and other titles after their names, but what do they offer a man to care for one of these sites? They offer him $40. If I were a minister I would not even have my tongue in my cheek if I offered anybody the sum of $40 a year to care for a site.

I live in British Columbia near one of these sites.

An hon. Member: Are you trying to delay the passage of the bill?

Mr. Cruickshank: We have ample time to get it through before ten o'clock. I live in a place where there are real sites. I want to mention one. At Hope there is a cairn on the bank of the Fraser river to mark the site of Fort Hope which was built by the Hudson's Bay Company in 1848, about the year some of the members over here were born. They offered a caretaker the sum of $40 to look after that site for one year.

We have another site here, and the caretaker does not even get $40. At Yale a large boulder with an inscription is being placed to mark the site of old Fort Yale, one of the terminals of the Cariboo wagon road built in 1862-65, which extended north 400 miles to the gold mines of the Cariboo, the area to which one of the speakers referred this evening.

These are historic sites. At Yale they had to discontinue their vegetable gardens because the gold was getting mixed in with the roots of the carrots and killing them off. They pay $35 a year for the care of that site.

And then, under this bountiful historic sites branch, there is the cairn to mark the site of Fort Alexandria, built in 1921. This was the last post established by the North West Company west of the Rocky mountains, and the farthest point reached by Sir Alexander Mackenzie in his descent of the Fraser river in 1793. Adjacent to this point is the old Cariboo road across the Fraser, and the first suspension bridge ever built in the province. It was constructed in 1863.

The nearest residents are the people in an automobile camp located about two miles away. The only other people in the locality are those on an Indian reservation about eleven miles away. Back here in the east they will get a man to come and look after the grass, possibly without charge. In the cases I have mentioned they pay $40 a year in one instance and $35 in another.

And if we are going to have monuments erected to historic structures, let me say that I travelled on one of them tonight, one of the original street cars brought over by Christopher Columbus. They are still operating right here in Ottawa. If we are going to look after historic sites, then I believe in looking after the ones we have right here.

I do not wish to speak longer, because I would like to see the bill go through before ten o'clock. I am going out to British Columbia on Wednesday, and I want to be able to tell the people of Hope that they are not going to be insulted by having only $40 a year paid to care for a memorial, and at a time when Ottawa is surrounded by monuments to the dead and to the living. The monuments to the dead are all around the building, maintained at great expense, while the living are being looked after by the taxpayers of Ottawa.

I am serious about this. I ask the minister to give a reasonable amount to pay for looking after these historic sites, and not to insult the people in British Columbia, particularly those in the Fraser valley, by offering only $40 a year to look after an historic monument.

(Translation):

Mr. Wilfrid LaCroix (Quebec-Montmorency): Mr. Speaker, in my opinion, the best way to preserve these relics of the past which will be for growing generations undying memorials, is to contribute to the preservation in our historic sites of these old houses, old sections, such as the fortified walls of Quebec, for example. Let us remember these immortal verses of the poet who said once:

Voulez-vous qu'une tour, voulez-vous qu'une [église]
Soient des monuments dont l'âme idéalise
A la fois la forme et la hauteur,
Attendez que de mousse elles soient revêtues
Et laissez travailler à toutes les statues
Le temps, ce grand sculpteur.

Mr. Speaker, we have in the old city of Quebec, symbolized in the maze of our streets, an epic of our history. The old city of Quebec was the first to be founded on this North American continent. I am myself a member of the Quebec town planning commission and whenever a problem relating to the preservation of an historical monument arises, we are faced with the following question: Where will we find the money to preserve it? Where will we find the money to restore it, to compensate the owner? Where, finally, can we find what is needed to ensure that this building retains its historical appeal?

I congratulate the Minister of Resources and Development (Mr. Winters) who has seen to the setting up of this board. I wonder though if it would not be possible for this board, set up by the federal government, to co-operate effectively with the similar boards already set up in our municipalities. In this way Quebec may be ensured this perpetual reminder of its historical landmarks and the rising generations, as well as the tourists who visit this country, will therefore see how we respect these old stones which, in every case, mark a passing stage in our history.

In my capacity as a member of the Quebec town planning commission I have often noticed how commercialized vandalism had invaded our old city, at certain times, so as to satisfy the claims of an exaggerated materialism. In each case we have always been unable, for lack of money, to find a solution to this problem.

I know that the hon. minister is well disposed towards the old province of Quebec and I presume that his enlightened patriotism will enable him to find some means of ensuring the survival of the local boards which were created in order to preserve these old houses of ours. He will thus contribute to the maintenance in Quebec of a group of historical monuments, an action for which the province of Quebec will be grateful.

(Text):

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

Mr. Bater: I wish to adjourn the debate.

Mr. Fournier (Hull): Mr. Speaker, I appeal to the house. This legislation is to put in statute form what has existed for about 25 years. We have had a commission looking after historic sites; and the government thought in its wisdom, and I thought myself, that we should put this in statutory form. There is nothing new in it. We have had some very nice speeches. I applauded most of them, and enjoyed all of them. Why could we not pass this bill tonight?

Mr. Drew: Yes, I think so.

Mr. Bater: Then I shall withdraw, Mr. Speaker.

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

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Beaudoin in the chair.

Sections 1, 2 and 3 agreed to.

On section 4—*Board established.*

Mr. Churchill: I wish to say a word or two with regard to this section, as I have been waiting most patiently listening to some of the very interesting speeches that have been made. I am concerned with the actual functioning of this board, and I think the attention of the committee should be directed to the fact that not all the recommendations of the Massey commission have been carried into effect in drawing up this bill. There has been one major omission and one addition which I should like to query and ask the minister to comment upon.

This section provides that the chief curator of the national museum of Canada shall be a member of the board. I question very much the necessity of that provision, which was not a recommendation of the Massey commission. I do not see any connection between the national museum and the historic sites and monuments board. It is not a question of personalities at all, or who happens to be the chief curator of the national museum at the present time, or who may hold that position in the future. I repeat that there is really no connection between that position and the work of the historic sites and monuments board.

In fact if the recommendations of the Massey commission are carried out with regard to the national museum there will be more than sufficient work for the curator of that museum to attend to without having any additional burden placed upon his shoulders as provided for in this bill. The objectionable feature is that it creates a statutory obligation upon the chief curator of the national museum to attend meetings of the historic sites and monuments board and have placed

upon his shoulders responsibilities connected with the work of that board. As the Massey commission points out, the national museum will be concerned with such matters as geology, botany, zoology and natural history, all of which have nothing particularly to do with historic sites and monuments. I shall not deal further with that point.

My second comment is that the Massey commission recommended that two members of this board be nominated by the Canadian historical association, and I quote from page 348 of the report as follows:

> Two members to be nominated by the council of the Canadian historical association, similarly for five-year terms and similarly eligible for reappointment for one further term.

I think there is a great deal of merit in that recommendation, for several reasons. The present and future members of the board may be either professional historians, if I may use that term, or amateur historians, as are many members of the House of Commons. They may very well be people who are keenly interested in the history of Canada. On the other hand, from time to time the membership of the board may comprise those who have not an adequate knowledge of the history of Canada, such as obviously is in the possession of the members of the council of the Canadian historical association. I think it would be most useful to have, as has been suggested, two members of that association appointed to this board. It would have value in that you would have on the board competent and trained historians. It would have value in that the Canadian historical association would have a continuing interest in the functioning of the board, and at its annual meetings or on other occasions would presumably have reports from the members of this board and would give close attention to what the historic sites and monuments board was doing.

I think it is in the general interest of this board and of Canadians that there should be wide interest throughout Canada in the work of this historic sites and monuments board, and that can be provided by members of the council of the Canadian historical association who are trained historians and have a background connected with this work.

I would imagine that if it were given the privilege to do so, this organization would from time to time appoint to the board men of outstanding qualities and with special interest in historic sites and monuments. Those are the two things I wanted to draw to the attention of the minister and I would appreciate his comments.

Mr. Winters: Mr. Chairman, very briefly may I say that the national museum has an archaeology section which is concerned with the excavation of historic sites in many parts of Canada, including some outstanding ones now being made on Manitoulin island. It seemed important to the members of the historic sites and monuments board, to myself and to the government that the curator of the national museum, which is responsible for archaeological work on behalf of the federal government, should be a member of this historic sites and monuments board.

I think the recommendation that there should be members of the Canadian historical association on this board is a good one, and for the information of hon. members I would say that most members of the board are also members of the historical association of Canada and therefore almost all of them meet the qualifications set forth by the hon. member in his remarks to the committee.

Mr. Churchill: Although they may be members of the Canadian historical association, I suggest that if that association had the responsibility of nominating two members on its own account instead of its being done by the governor in council you might get a more satisfactory result.

Section agreed to.

Sections 5 to 9 inclusive agreed to.

Bill reported.

Mr. Winters moved the third reading of the bill.

Mr. Knowles: By leave.

Motion agreed to and bill read the third time and passed.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we shall take up the third reading of Bill No. 107, to amend the Post Office Act; then Bill No. 225, to amend the Excise Tax Act; then Bill No. 230, to provide for the government of the Yukon Territory; then Bill No. 109, to authorize the grant of assistance to a province for the conservation of water resources; then Bill No. 293, to implement the international convention for the high seas fisheries of the North Pacific ocean; then Bill No. 37, to amend the Indian Act; then Bill No. 190, to amend the Canadian Citizenship Act. If we have time we would like to pass the resolution respecting the Emergency Gold Mining Assistance Act.

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

HOUSE OF COMMONS

Tuesday, March 31, 1953

The house met at 2.30 p.m.

THE LATE QUEEN MARY

OBSERVANCE OF PERIOD OF SILENCE

Mr. Speaker: This morning, as hon. members know, the funeral service of our late dearly beloved Queen Mary was conducted at Windsor by the Archbishop of Canterbury. The Prime Minister and the Leader of the Opposition have suggested to me that it would be fitting if, before the business of the day is entered upon, hon. members would rise for a few minutes of silence.

Whereupon the house rose in silence.

THE ROYAL ASSENT

Mr. Speaker: I have the honour to inform the house that I have received the following communication:

Government House,
Ottawa, March 30, 1953

Sir:

I have the honour to inform you that the Right Honourable Thibaudeau Rinfret, Chief Justice of Canada, acting as deputy of His Excellency the Governor General, will proceed to the Senate chamber on Tuesday, the 31st March, at 5.45 p.m., for the purpose of giving the royal assent to certain bills.

I have the honour to be,
sir,
Your obedient servant,
J. F. Delaute,
Secretary to the Governor General.
(Administrative)

RAILWAYS, CANALS AND TELEGRAPH LINES

Seventh report of standing committee on railways, canals and telegraph lines.—Mr. McCulloch.

SIR ROBERT BORDEN

ERECTION OF STATUE ON PARLIAMENT HILL

Right Hon. L. S. St. Laurent (Prime Minister): Hon. members, I believe, will be interested in a report on the progress made since I announced on February 5 that it is the intention of the government to recommend the erection of a statue to mark the services to Canada of the late Sir Robert Borden.

Since that time the matter has been carefully considered by the board of trustees of the National Gallery of Canada and I now have their recommendation, which has been concurred in by the government.

It is proposed to have the design selected as the result of a competition which will be open to sculptors normally resident in Canada. The base is to be of stone or granite and the figure, which is to be standing, is to be of bronze. The dimensions of the statue will be similar to those of the statue to the late Sir Wilfrid Laurier on the grounds of the parliament buildings. The announcement of the competition is being made immediately and it is hoped that the closing date for designs may be set early in the summer so that the statue may be completed in time for unveiling next year on the 100th anniversary of Sir Robert Borden's birth. The cost is estimated at between $40,000 and $50,000.

The winner of the competition, of course, will be awarded the contract for the statue, but in order to promote interest among sculptors and also so that not all but one will spend time on producing a design at a loss to themselves, it is proposed to make six additional cash awards of $300 to the six sculptors whose designs are considered most meritorious following the winning design.

Steps will be taken to announce the competition widely through Canada and I am hopeful that the designs which will be produced will be of high quality and in keeping with the service rendered to Canada by the man who was prime minister during the difficult days of world war I.

EXTERNAL AFFAIRS

PAN-AMERICAN UNION—STATEMENT BY CANADIAN AMBASSADOR TO COLOMBIA

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, on Friday last the hon. member for Peel (Mr. Graydon) inquired about a report that had been published in the newspapers attributing to the Canadian ambassador to Colombia a statement that Canada might eventually join the Pan-American Union if the union tendered such an invitation, and he inquired whether there had been any change in the government's policy. The answer will be found in *Hansard* of Friday, March 27, at page 3341. He then

asked whether the department would inquire of the ambassador whether this report of the statement attributed to him was correct or not, and I told him that an inquiry had already been sent to the ambassador. The department received on Saturday the answer which I would have communicated yesterday had the hon. member been in his seat. It is as follows:

Did not say Canada would accept invitation if tendered but question of pressmen was whether partnership in commonwealth was obstacle to joining because of link to crown and reply was that there existed no constitutional or juridical impediment since Canada as independent nation is free to determine own policy regarding membership in any international or regional organization as shown by membership in many such. Definitely did not, repeat not, say that Canada might eventually join if invited. Local press correctly interpreted sense of my words as clippings to be airmailed shortly will bear out and I cannot understand how different meaning was conveyed to Canadian newspapers unless press news agency misunderstood, because whole press conference in Spanish without interpreters. Incidentally press conference was great success eliciting in all papers testimony of most gratifying liking and admiration for Canada. Colombians all wonderfully friendly.

NEWFOUNDLAND

FOURTH ANNIVERSARY OF ENTRANCE INTO CONFEDERATION

Mr. G. F. Higgins (St. John's East): Mr. Speaker, may I have your indulgence for a moment. As it is March 31, 1954, I believe possibly—

Some hon. Members: 1953.

Mr. Higgins: 1953 is right. I thought I might say 1954 and then it might be remembered. As it is quite possible that the snow will fly before the next parliament meets and that this is the last parliament that some of us from Newfoundland may be in, I should like to say on behalf of the Newfoundland members of parliament, on this fourth anniversary, how happy we have been in this parliament and to convey to you, sir, our sincere thanks for your kindness to all of us.

Mr. W. J. Browne (St. John's West): Mr. Speaker, I wonder whether I might make a few remarks in addition to those which have been made by my colleague the hon. member for St. John's East (Mr. Higgins).

Some hon. Members: Oh, oh.

Mr. Browne (St. John's West): As I have not been here on any other occasion when this anniversary came around, I think I may also claim the indulgence of the house. If I may be permitted to do so, I should like to make a personal reference. As some hon. members may know, I was in the party opposed to confederation. Although I was not free and in politics at the time but was in the government service, I did not wish to see confederation. Four years ago today I was in the city of London, England, and I bought all the morning newspapers to see what they had to say about what was taking place. Most of them had nothing to say whatever; there were two or three references to the act of union that was being consummated, and one expressed regret and said that it was too bad to see an old dominion going out of existence.

I felt extremely sad at that time, and there were many others in Newfoundland who felt as I did. Since that time I have come to regard the situation in a different light. After having been proud of our almost continuous association with England since 1497, and having been boastful of the fact that we were England's oldest colony, to be cut adrift like that without a word hurt a great many of us. But now we see that England had her own problems and that probably what she was doing then was being cruel in order to be kind. On this side of the water there was rejoicing and I personally received, from friends I had made here when I was for four years at the University of Toronto, an extremely cordial welcome into the union which I did not appreciate then as much as I have appreciated it since. Time has dissipated to a great extent the sadness which I then felt, and I am inclined to think that the majority of people who felt as I did in 1949 feel much as I do now. We were inclined to think then that it was a forced union, and I am not inclined to differ from that opinion yet; but still I believe it was to our mutual advantage.

I have heard here many nice references to our country, and I appreciate them greatly. It is extremely interesting and nice to hear the glowing accounts which visitors to Newfoundland bring back as a result of their visits. The latest one I heard was that of the Minister of Transport (Mr. Chevrier); and I am glad to know that in the city of St. John's, where the majority of members are of a political persuasion different from his own—

Mr. Chevrier: I doubt that.

Mr. Browne (St. John's West): —he was accorded a cordial welcome, and that he enjoyed his visit there. After four years I think that the feeling has changed a great deal towards union with Canada. I think we can appreciate the great benefits which union has brought to us and I think we can look forward with hope to taking greater advantage of it in the future. I believe that

this union will work out to our mutual advantage.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 294, for the relief of Clara Doris Jacobovitch Shepherd.—Mr. Winkler.

Bill No. 295, for the relief of Doris Esther Kimel Schwartz.—Mr. Winkler.

Bill No. 296, for the relief of Hans (Johann) Mueller.—Mr. Winkler.

Bill No. 297, for the relief of Joseph Henri Jacques Gaston Lareault.—Mr. Winkler.

Bill No. 298, for the relief of Joseph Nagy.—Mr. Winkler.

Bill No. 299, for the relief of Aime Arthur Roy.—Mr. Winkler.

Bill No. 300, for the relief of Sarah Juliet Montgomery Scott.—Mr. Winkler.

Bill No. 301, for the relief of Mary Ethel Flood Harding.—Mr. Winkler.

Bill No. 302, for the relief of Carrie Ruth Morbey Chenoy.—Mr. Winkler.

Bill No. 303, for the relief of Beatrice Sylvia Aston Sutton.—Mr. Winkler.

Bill No. 304, for the relief of Irene Toth Nagy.—Mr. Winkler.

Bill No. 305, for the relief of Henryka Ziernicka Bogdan.—Mr. Winkler.

Bill No. 306, for the relief of Mildred Ermine Bradshaw Moore.—Mr. Winkler.

Bill No. 307, for the relief of Shirley William Bales.—Mr. Winkler.

Bill No. 308, for the relief of Marjorie Joy Hartley Tanner.—Mr. Winkler.

Bill No. 309, for the relief of Thomasine Elaine Mansfield Black.—Mr. Winkler.

Bill No. 310, for the relief of Patricia Mary Kearney Hollett.—Mr. Winkler.

Bill No. 311, for the relief of Margot Fairbanks Duff Pratt.—Mr. Winkler.

Bill No. 312, for the relief of Marguerite Rita Stevenson LaFerme.—Mr. Winkler.

Bill No. 313, for the relief of James Alexander Dougherty.—Mr. Winkler.

Bill No. 314, for the relief of Morris Fishman.—Mr. Winkler.

Bill No. 315, for the relief of Yvon Perras.—Mr. Winkler.

LEAD AND ZINC

REFERENCE TO PRESS REPORTS INDICATING HIGHER U.S. TARIFFS

On the orders of the day:

Mr. J. A. Byrne (Kootenay East): I should like to direct a question to the Minister of Trade and Commerce. In view of recent press statements indicating higher United States tariffs on imported lead and zinc, would the minister care to comment on the situation disclosed by an article in the New York *Times*, a copy of which I have sent to him?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I know of no move toward higher duties against Canadian metals. I read the article in the New York *Times* but such information as I have received does not indicate that any move of the kind is contemplated.

Prices for metals are still satisfactory, except for marginal producers. Lead and zinc have been much higher in price, but today I think the price can be considered to be normal, having in mind costs of production. The price of copper, of course, is extremely high. While Canada would protest any legislation which would tend to bar our metals from the United States market, I do not think that any such action can be expected.

IRRIGATION

SOUTH SASKATCHEWAN RIVER—REQUEST FOR RECEPTION OF DELEGATION

On the orders of the day:

Mr. P. C. Black (Cumberland): Mr. Speaker, in the absence of the hon. member for Lake Centre (Mr. Diefenbaker) a request has been placed in my hands which in turn I should like to place before the Prime Minister. I am sorry I have not been able to advise him of this. Will the Prime Minister be in position to receive in Ottawa a delegation in connection with the South Saskatchewan river project? It is pointed out that this matter is of some urgency owing to the fact that many farmers will be commencing seeding in two or three weeks and thus would not be free to make the trip.

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, there has been correspondence with a group about a delegation coming to Ottawa to discuss the South Saskatchewan project. The government has been giving consideration to the reports and information available in connection with this project and is not yet in a position to fix a date on which to receive this delegation, although it intends to receive it.

POST OFFICE ACT

AMENDMENTS RESPECTING CONTRACTS FOR CONVEYING MAIL

Hon. Alcide Cote (Postmaster General) moved the third reading of Bill No. 107, to amend the Post Office Act.

Mr. P. C. Black (Cumberland): Mr. Speaker, I shall not delay the house very long but

this is an important bill which affects many people all over Canada. I had some remarks to make on the second reading of the bill and I asked that it not be rushed to the extent it was being rushed at the end of the last sitting. I give my support to this bill to amend the Post Office Act. As I stated on the second reading, I was not a member of the special committee and I have not full information as to the evidence submitted. I am disappointed that there was no representative of the mail couriers asked to be present. I certainly expected that there would be someone representing the mail couriers of Nova Scotia.

I am in agreement with the viewpoint that has been expressed, that many of these couriers have been underpaid for their services and the cost of their equipment. This condition has prevailed over many years, but nevertheless on the whole excellent service has been rendered. Some increase was granted in the war years, but many of the couriers were not advised and had no opportunity of applying for the increase. Only favoured persons received an increase on their contracts at that time.

This bill puts extensive authority in the hands of the minister, the deputy minister and the officials of the department. I am satisfied that the officials are capable, want to do their best in giving good service and will not allow partisan interference to undermine their efforts if they can prevent it. We have the personal assurance of the minister, and I assume that this will apply to his successors, that he will not allow partisanship to dominate the department. It is on this assurance that I give support to the bill.

I do not want the house to think that I believe that this has always been the case, that there has been no partisanship even in recent years. Couriers and the staff are entitled to their political opinions provided the service is not interfered with. To show that I am not gullible I am going to recount the details of one instance in my county during the last two years.

The contract for the mail service on Oxford R. R. No. 2 was for $700 per annum and expired on December 31, 1952. It was held by Mr. George E. Wood. This contractor was not satisfied and he gave three months' notice of the termination of his contract. New tenders were called but only one offer was received from the same contractor, Mr. George E. Wood, for $1,200. The Post Office Department considered this to be too high and refused to renew at that price.

The Post Office Department obtained a revised offer from Mr. Wood of $1,100, but considered that price too great also. A tender was then obtained from Leigh L. Smith at $80 per month or $960 per year. Mr. Smith had previously held the contract and had never missed a trip during this entire period. Instructions were issued on December 10, 1951, that the department was awarding the contract for one year to Leigh L. Smith at $960 per year. Mr. Smith was advised accordingly by an official of the Post Office Department.

I asked for the file which the minister sent to me. This file contained a copy of a letter dated December 3, 1951, signed by G. Herring, director of communications and addressed to C. E. Bragg, Collingwood, Nova Scotia. This reads:

> In connection with the invitation of tenders for the conveyance of mails over Oxford rural route No. 2, I wish to inform you that the department intends to award a one-year contract to Mr. Leigh L. Smith, Box 128, Oxford, who submitted the lowest offer at the rate of $960 per annum.

Everything was in order up to that point and was most creditable to the minister, to the deputy minister and to the officials of the department. But partisanship, discrimination and interference then took charge. There was another letter on this file from the Department of Resources and Development. I am not going to accuse the minister of anything, but this letter was on the file; and it reads as follows:

> Minister of Resources and Development
>
> Ottawa, February 11, 1952
>
> Mr. George Herring,
> Director of Communications,
> Post Office Department,
> Langevin Block,
> Ottawa.
>
> Re: Oxford Rural Route No. 2,
> Mr. George Wood, Oxford, N.S.
>
> Dear Mr. Herring:
>
> In accordance with our telephone conversation of this afternoon with respect to the recommendation of a carrier for the above-mentioned route, I would like on behalf of Mr. Elmer Bragg, of Amherst, to recommend that the contract for this service be continued by Mr. Wood of Oxford, who has had 12 years experience on the route. I am informed that Mr. Wood is prepared to carry on the service at $960 per annum.
>
> It would be appreciated if the necessary action could be taken to have Mr. Wood maintain the service at this price.
>
> Yours very truly,
> Robbins L. Elliott,
> Private Secretary.

Mr. Smith was then notified that the department would not proceed with the signing of the contract. I am supposed to believe that there was no political interference. I know that the officials of the Post Office Department were just as incensed as Mr. Smith and I. I tell the minister now

that if there is to be political jobbery carried on under this bill, which we of the opposition are now supporting, we will hold him responsible. He and his department will not be keeping faith with us, with the staff or with the public with respect to the passing of this bill.

Mr. W. Chester S. McLure (Queens): Mr. Speaker, I should like to make a few remarks on the bill before it receives third reading. Last Friday night, March 27, the bill received second reading and was considered in committee. At that time the chairman of the committee of the whole pointed out that the bill had been carefully considered by a special committee appointed to consider it and had been reported to the house without amendment. However, considerable discussion took place, and it seemed that nobody in the committee that evening could find any report that had been made by the special committee that had been established to deal with this most important matter.

I want to say at the very beginning that I am not opposed to the bill except for one reason. There seemed to be a great hurry to get it passed the other night, and in my dealings with the Post Office Department, especially with respect to the building of post offices, I have never found them in a hurry in my life. It took seven years of talking before they showed any signs of taking action, and I could not understand why they wanted to rush this measure through so rapidly the other night. As a matter of fact, under the rules of the house it should not have been reported from the committee. At ten o'clock we were still discussing the bill, and the committee should have risen, reported progress and asked leave to sit again. In spite of the fact that a great number of members objected to what was being done, the bill was reported from the committee and it is now before the house for third reading. I think that is contrary to the rules of the house.

I believe the bill should still stand over until the special committee has had another meeting or two. We looked to this committee to deal with the problems of the rural mail couriers throughout Canada, but after the bill has received third reading they will not have the authority to do so any more and the whole matter will be whitewashed. I doubt if they will have any more meetings. Looking at the reports of the proceedings of the two or three meetings they did hold—I think there have been two printed so far—there is nothing in them except the statements of the Postmaster General and his deputy. As I have said before, this legislation simply gives them more power. It does not take any power from them but adds to their powers so that they can be almost as dictatorial as they wish to be. We are back in the old days of patronage so far as the letting of contracts is concerned.

The special committee should make recommendations before the bill passes. They were appointed for the purpose of making recommendations with respect to the mail couriers and their problems. We even find that no representatives of the mail couriers were heard. That should not be. I think at least some of the mail couriers have a right to be called before the committee and heard, and if they were in any other walk of life they would be. If it should be decided that it is not necessary to hear them, then there are members on the committee representing every province in Canada and they should bring forward recommendations on behalf of the mail couriers in their provinces.

I have discussed the question of the rural mail couriers year after year when the post office estimates have been before us. We have no opportunity to discuss the pros and cons of this bill which is being pushed through so rapidly and we are no better off than we were. The only opportunity we will have will be when the estimates of the department are being considered, and we will have to spend a great deal of time then to get the information we desire. I have referred many times to the great discrimination that exists in the letting of contracts to mail couriers. I cited two or three instances recently and I should like to cite a couple now.

I have in mind a mail courier whose contract ends in 1955 and another one whose contract ends in 1956. The man whose contract ends in 1955 has to drive a distance of 61 miles. In the summer he can use a car. In the fall, winter and spring he must use a horse and cutter or horse and wagon. All these factors should have a bearing on what he is paid under his contract. As I said a moment ago, he has to drive 61 miles every day to complete his route. For that distance he gets the princely sum of $1,440 a year, a very small wage even if it were all profit. It takes him most of the day to complete the route. We all know that if he uses a car it will take at least three gallons of gas. He has 136 stops where he has boxes to attend to, and that means that he must use more gas. Taking into account the gas and oil that he uses, and without allowing anything for repairs to his car, we find that it

would cost him $1.65 for that one item which, taken from his $4.80, leaves him with a very small wage for himself, to say nothing of other expenses he might have.

We find that the man driving only 31 miles compared with the other man's 61 received $125 more. If that is not discrimination, then I do not know what discrimination is. That has been going on, and the Post Office Department now says that it wants more authority so that it can remedy such situations. If they were going to be able to remedy them under the bill, then I would vote for it a dozen times if I had a dozen votes. But they are only taking more authority into their hands without giving any assurance. The only assurance I know of was that mentioned the other night in the committee by the Postmaster General. When he was being questioned about the bill he said, as found at page 3387 of *Hansard* for March 27:

> We always look at all the angles.

I suppose "we" means his associates in the Post Office Department.

> Public interest was mentioned. That is one way of expressing what we are looking for. We want to see that the taxpayers of this country receive good service . . .

I can stop right there and say that there is no arm of the service, nothing in federal appointments and federal work done, to compare with the rural mail couriers who are doing an almost perfect job of work. I do not believe that there is a member in this house who will have very much complaint to the effect that people are not getting a thorough service from the mail couriers.

The Postmaster General goes on and says:

> —and we want the man who is giving the service to be paid adequately.

I agree with that.

> To achieve that we are looking at the security, the solvency of the men and the equipment, and a comparison of the routes, the number of boxes, the length of the routes; and all these considerations will be looked into and taken into consideration in the decision we are going to make.

Well, there is a recommendation that should come from the special committee, but they have not brought in any report as yet—any more than the evidence that was laid before them. They have made no recommendations.

When this bill passes, Mr. Speaker, the special committee will have no more power because the bill is already recorded as passed. I think that some action should be taken and that this should be passed over for a week or so. There is no great rush at the present time; they are not going to solve all of these cases; so let this committee bring in some recommendations that will be of benefit.

[Mr. McLure.]

Again, I want to say that I am in favour of anything that will give more security and more wages to the mail couriers. Many of them today are not making 25 cents an hour. Yesterday I received a letter from one man who drives 56 miles. At this time of year it takes him 9½ hours to complete that 56 miles, as he cannot use a car. He stated that he had to turn out the other morning at seven o'clock to start his route and he did not get through until half-past five. Of course, he might have had a half hour rest while getting his dinner somewhere on the route. However, when that man adds up what it costs him to feed his horse during the day I do not think he would be receiving any more than 15 cents or perhaps 16 cents an hour for the 9½ hours he put in.

This is a most serious matter and yet we are rushing this bill through as though it were just another bill passing. I believe, Mr. Speaker, that this bill should be given further consideration, not only in the special committee but also in the committee of the house.

Mr. G. A. Cruickshank (Fraser Valley): Mr. Speaker, I would like to say a word in this connection as a member of that committee. I think that the hon. member for Queens (Mr. McLure) has either been misinformed or possibly does not understand—and that is the kindest way I can put it. It is the first time since I have been in the house that it has been said that no member of a committee knew what they were doing. I want to point out, Mr. Speaker, that it may be all very well for home consumption in *Hansard,* but the previous speaker never made one suggestion as to how we could improve conditions for the rural mail couriers. He suggests that the special committee did not consider the matter; but I want to assure him, as a member of that committee, that we did consider it. We asked for suggestions as to how we could best improve the plight of the rural mail couriers. We did not have any better suggestions. We do not say and have never said that this bill is perfect. We knew of nothing better to bring in at this time to assist the mail courier—the very man whom he has read about today—and he must be an exceptional man to drive 56 miles in the snow with a horse in one day. That man is a very good man and certainly he must have an imported horse to do it.

Mr. McWilliam: From the Fraser valley.

Mr. Cruickshank: No, we do not have any horses like that, and we do not abuse any kind of animal. It is wrong to say that the committee did not endeavour to do anything. The member for Peel (Mr. Graydon), a very

superior member in any party, let alone where he sits, realized that we were trying to do something. The opposition had as good members on that committee as there were from other parties. They were just as sincere as any members of the committee and they would have liked to bring down something that would have solved the problem. However, they also realized, as the hon. member for Queens apparently does not, that conditions vary in each riding within a province, and that in each province of Canada climatic and other conditions also vary.

I would like the hon. member for Queens to take an hour and a half or five hours of the time of this house—well, not of this house because we have business to do—and come up to my office or, if he likes, up to the committee room, and make one concrete suggestion about how he would solve this problem in all provinces of Canada.

The new bill, I think, is discretionary and it is an endeavour to assist the very men he has been mentioning who are underpaid but who work on a voluntary bid. Nobody told them to bid the rate they did on their particular contracts. They had a right to bid as they saw fit and possibly they bid too low. The minister now has at least discretionary powers to assist in that particular route and in other routes. So, Mr. Speaker, I very much resent the insinuation that this committee, composed of members of all parties, did nothing. They made a sincere effort and we discussed the matter among ourselves. If the hon. member for Queens will read the evidence he will see where we asked whether anyone had anything better to offer in the interests of the rural mail couriers. We received nothing more concrete. We considered, as I am sure the hon. member has too, the possibility of establishing a mileage basis, or a set salary and a gasoline allowance, as well as whether these should be civil service appointments. In our judgment we know of no better system at the present time to assist the couriers—and above all to assist the man to whom he has just referred—not next year, not ten years from now, but as soon as this bill is passed.

Mr. H. A. MacKenzie (Lambton-Kent): Mr. Speaker, I think I should make a few comments on this at this time as I was a member of the committee. Bill 107, which was presented to amend the Post Office Act, was a very simple bill. Two years ago a bill was introduced to amend the Post Office Act which gave the postal authorities jurisdiction or authority to adjust salaries where necessary on any contract up to $1,000 but not beyond that. To me that was quite an unfair piece of legislation. If it was fair to adjust salaries up to $1,000 it should also have applied to contracts for $1,100 or $1,200 or any other amount. This bill merely extends the legislation of 1951, to embrace a contract of any size so that the authorities after inquiry may make adjustments.

I can quite readily see that it was not very fair to try to renew contracts on the same basis as applied four years ago because the couriers have a lot more work to do in suburban areas. They have literally hundreds more of boxes. If I understand the bill, and if I understand the Postmaster General, each case will be gone into individually and adjustments will be made or will be provided for to take care of any situation in any rural route regardless of where it may be situated.

I believe that this amending bill is at least a step in the right direction and that it was pretty well considered. The member for Queens, who has just spoken, has said that there were no recommendations. However, at the time we probably could have made some recommendations but they would not affect this bill. The post office committee will make suggestions to the government and I hope that they will be unanimous in an effort to put this whole policy on a much higher level than it is today.

Unfortunately I was not able to attend the last committee meeting on the 19th when the bill was adopted, but I do feel that the matter of the tender system should have been given more consideration. Probably the system could not have been changed, but I think it should have been discussed a little further. I have said many time in this house, and I still say, that there are no other employees in the postal service carrying Her Majesty's mail who have to obtain employment through the tender system except the rural mail carriers. There is something to be said along that line. So far as the bill itself is concerned, it is certainly a step in the right direction and I believe all members approve of it.

Once more I want to clarify the fact that the committee is not defunct in any sense of the word. We are going to meet and we are going to make recommendations which we hope the Post Office Department will accept, and which we hope will bring about some improvement in the rural mail carrier service.

Mr. Speaker: At this time may I remind the house that this bill does not deal with rural mail contracts generally. May I read the explanatory note.

The purpose of this bill is to amend the Post Office Act to provide that the Postmaster General may, in certain cases, enter into contracts for conveying mail involving an annual expenditure of one thousand dollars or less, and may also, under

certain conditions, while a contract is still in force, increase the amount payable thereunder during the unexpired term thereof.

I would ask hon. members to confine their remarks to the principle of this bill and not discuss rural mail contracts generally.

Mr. A. Earl Catherwood (Haldimand): I do not altogether agree with the hon. member for Fraser Valley (Mr. Cruickshank), when he directs his criticism against the hon. member for Queens (Mr. McLure). I think that in this house we should be prepared at all times to accept different views and though I was also a member of the committee I accept the criticism of the hon. member for Queens because I feel it is part of the duties of a member of parliament to criticize legislation which is not in line with his own thinking on a particular measure.

Before this bill is given third reading, I should like to make some brief comment. I was appointed a member of the committee to consider this bill just the day before the bill was studied clause by clause. I did not have time to study it in the manner in which I would have liked. However, I feel that the bill itself is very good, and I am going to support it. I realize that this is just the first of a series of successive steps in legislation which I hope will be advantageous to our rural mail carriers. I believe that the main feature of the bill is the opportunity it will provide the rural mail carriers for negotiating with the department, provided, of course, the contract is under $1,000, for an increase in the tender.

If a carrier feels that the payment is not on an equitable basis for a comparable service in that area, then this legislation provides an opportunity for negotiation. However, I feel that there is room for improvement, and I trust the minister will give consideration to that phase of the matter. Since the bill received second reading I have received six or seven letters from the rural mail carriers in my constituency. They all feel that something should be done concerning the tender system. On a number of occasions in this house it has been my privilege to advocate that after a term of satisfactory service some consideration should be given to a change in this method. After a carrier has proven that he can fill the position of carrying the Queen's mail in a satisfactory manner, I think we should have some system whereby his re-engagement can be arranged without having to re-tender.

There are many other matters which this committee could continue to study. I feel that this bill is definitely a step in the right direction if we are to ultimately achieve the end for which it was set up. The committee is still in existence and can continue studying the matter. From the indications the minister has already given, I know that it will endeavour to continue to do everything it can for the betterment of the position of the rural mail carriers of Canada.

Mr. H. O. White (Middlesex East): When this legislation was first introduced I made a few remarks concerning it. I have noted what you had to say, Mr. Speaker, with regard to remarks being relevant to the bill. I cannot see how we can discuss the problem that is closest to us unless we say something about rural mail at this time.

Mr. Speaker: Doubtless there will be other occasions upon which the hon. member can discuss the problems of the rural mail carriers. I think hon. members want to discuss the bill in accordance with the rules of the house, and one of the rules is that on third reading discussion must be relevant to the bill and not to the Post Office Act generally.

Mr. White (Middlesex East): I shall be very brief. I am afraid there is going to be considerable disappointment throughout the country over the results of the labours of this committee. I have noted what the hon. member for Haldimand (Mr. Catherwood) has said, so I am led to believe that there is some means of reviewing the contracts which now exist. I think a good many of the postal employees serving rural areas are going to be very disappointed. I have noted also what the hon. member for Lambton-Kent (Mr. MacKenzie) had to say. It seems rather strange that only those who are rural mail carriers are expected to submit tenders in order to obtain their job. Surely some system for the delivery of rural mail can be worked out which would be somewhat comparable to the systems employed by other government departments.

Mr. Speaker: I am sure the house agrees with me that members should discuss the principle of this bill. I do not like to interrupt an hon. member, but the business of the house must be carried on according to our standing orders and rules. I think I must insist that the discussion of this bill be relevant to this bill, which relates to the increasing of the amount payable under certain contracts. Hon. members may reserve their remarks concerning mail contracts generally to some other time.

Mr. C. W. Hodgson (Victoria, Ont.): I have not very much to say about the bill which is before us. When it was before us on Friday night, I was probably one of the members who were anxious to get the bill through the house, and for that I have to accept

responsibility. Since Friday night, however, I have received many letters from rural mail carriers. There is one feature of this bill which gives the Postmaster General (Mr. Cote) and his officials a great deal more authority, but at the same time they have to accept a greater degree of responsibility. As I see it, this measure will have a tendency to do away with tendering for mail contracts. The Postmaster General under this legislation has the right—

Mr. Speaker: Order. This bill has nothing to do with the doing away with tenders and contracts. I cannot allow discussion on it at this time.

Mr. Hodgson: All right; I shall try to keep right to the point. However, it does give him authority to raise the price of a courier's mail contract, provided that he sees fit to do so and he considers the—

Mr. Cote (St. Jean-Iberville-Napierville): No. May I interject, Mr. Speaker? Not if I see fit to do so in an arbitrary manner but if, after having compared the services given by the contractor, with comparable services outside and within the postal organization, we consider fair and just to make a readjustment of the contract.

Mr. Hodgson: I do not say the minister will see fit unless he considers it, and when he considers it he will probably do something about it. At least this legislation gives him more responsibility and gives the couriers a better break. There is no doubt about that. This legislation does give our couriers a better break. I may say that there are more rural mail couriers in my riding than in any other riding in the province of Ontario. It is a rural riding of a large area.

We have received courteous treatment from the Post Office Department before. I hope that this bill will get the approval of the house immediately, and be implemented so that some of my couriers can go to the Postmaster General or to his department when they feel that they are entitled to an increase, and that they can talk the situation over and probably come to a conclusion satisfactory to both parties concerned.

Mr. L. E. Cardiff (Huron North): I was a member of the committee and I attended all meetings that took place this year. At the last meeting that was held I understood we were to have another meeting before this bill was passed. Apparently it went through on Friday night, and I was not here. The committee as a whole did the very best it could. Perhaps this bill will help to improve the lot of the mail couriers. I am not exactly satisfied with it. I do not think anybody else was entirely satisfied either, but perhaps it will be an improvement.

I would suggest—as a matter of fact I will move—that the bill be referred back to the committee so that if there is anything that anybody has to say it can be brought before the committee before the bill gets third reading. I think that is logical and it should be granted. A lot of letters have come in within the past few days, and if there is anything that we can do to help I am sure the Postmaster General would be one of the first to accept the suggestion. He was one of the first to accept all the suggestions made in the committee. There was no friction whatever in the committee; we were all trying to do our best to improve the situation. I think the bill should be sent back to the committee so that we could have at least one more meeting before it receives third reading.

Mr. J. W. Noseworthy (York South): On a number of former occasions I have been one of those who have been rather critical of the Post Office Department. I want to take this opportunity to say that I am, as a member of the committee, supporting the bill. We should place on record the fact that the mail carriers' association, the representative of mail carriers across Canada, informed us that they were so pleased with this bill that they did not want to appear in person or to send a delegation to the committee. It was on the strength of the correspondence from that association that I, as one member of that committee, decided that this bill merited our support. I do not think the association feels that this is by any means the final answer to their difficulties, but they made it clear that it was certainly a step in the right direction, which they approved. I trust that similar committees may continue the work which this committee has begun until other difficulties may in that way be ironed out.

Mr. G. W. Montgomery (Victoria-Carleton): I should like to say a word or two on this bill because I was a member of the committee from New Brunswick. In my constituency there are a lot of people who are interested in the outcome of this legislation. In fairness to them I think I should take part in this debate for a few minutes. We were all interested in seeing that our rural mail carriers received more remuneration for the services which they performed.

The Post Office Act was placed before us and the amendments, it seemed to me, improved the situation that existed. It is true

that it puts power in the hands of the department of the Postmaster General, but having heard the evidence in the committee and having received a statement from the Postmaster General, it seemed to me that I personally had no better alternative to suggest and no member of the committee and no association and no one else came forward with a better solution.

As has been said by other hon. members, we apparently heard all those who wished to be heard, and I feel that this bill will go a long way to improve the conditions under which the rural mail couriers work, which these amendments were drafted to do. That being so, I would not want hon. members to feel that I had refused, or did not wish, to take part in this debate because I was not satisfied with the bill. I feel that it would go a long way toward improving the very things which our rural couriers, at least the ones in my constituency, were asking to have improved.

At the last meeting it was pretty well agreed that there was not very much more we could do about this bill. I was given to understand that there would be another meeting at which further matters in connection with rural mail couriers would be considered, and I am looking forward to seeing the committee meet again, at which time other matters will be considered. I hope an opportunity will be given to consider them. As far as this legislation is concerned, I do not think that we can do anything but support it on the assurance of the minister, which he gave us, that the rural mail couriers will be treated fairly in the review of their cases when they come up for increased remuneration.

Mr. Speaker: The hon. member for Huron North suggested an amendment, but there was no formal motion.

Mr. Cardiff: I do not want to delay the bill. I am wholly in accord with the bill. If it lacks anything it lacks a provision that states sufficiently the compensation that the rural mail couriers should receive. That is the only objection I have to it. We were to have another meeting before the bill passed; I have no objection to the bill passing at the present time.

Motion agreed to and bill read the third time and passed.

EXCISE TAX ACT

Hon. Douglas Abbott (Minister of Finance) moved the second reading of Bill No. 225, to amend the Excise Tax Act.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, this is an appropriate time to discuss a subject that has been mentioned on different occasions in this house before. Now, however, is the opportunity to relate the discussion directly to the proposal that is before us.

In this legislation we are dealing with an amendment to the Excise Tax Act which makes changes in our general excise taxation structure. Hence, this is an appropriate occasion on which to consider suggestions that should be made in connection with changes of that kind. The proposal before us represents the suggestions which the government now wishes to make. I wish to discuss another matter which I believe should be dealt with. I think this is the appropriate time to raise it. By presenting it at this time the opportunity is then afforded the government to see the proposal and to indicate its willingness or otherwise to accept the suggestion which has been made.

From the municipalities throughout the whole of Canada there has been an increasing demand that consideration be given to the fact that they are called upon to pay excise taxes including the 10 per cent sales tax on those things they buy for their own service of the people in their own communities. This applies also to purchases made by boards of education for the equipment that goes into the schools where education is given to the children of this country. It does seem to be an anomaly that the dominion government should recognize the fact that it is not appropriate to apply the excise taxes including the 10 per cent sales tax in the case of purchases made by provincial governments but that it should insist that municipal councils and school boards pay those taxes. The thing even goes further than the payment of taxes in the ordinary way. If municipalities within their own boundaries manufacture goods for their own requirements, these taxes still apply, although the goods are going to be used within the very municipal boundaries within which they have been made.

This is a matter of great importance at this time. Certain steps that have been taken by this government have imposed still heavier burdens upon the municipalities. This is not the occasion to argue the wisdom or otherwise of the course which has been followed. It should be pointed out, however, that there are in Canada many people who believe that civil defence is part of the general defence requirements of Canada. If that is so, then it does seem doubly onerous that those municipalities which are called upon to purchase special equipment for civil defence should find themselves not only bound to buy equipment which they do not think they should pay for in the first place, but on top of that they are called upon to pay sales tax and

other excise taxes to the senior government which imposes that necessity upon them.

This aggravates a situation which already is a source of great concern to many municipalities. Some municipalities, situated in what are obviously danger zones, have heavier obligations in this respect than have municipalities which would not be likely targets of air attack. Therefore they not only are called upon to meet a feature of defence which is part of our general problem of national defence, but are called upon to pay excise taxes including sales tax on the equipment they must buy as well.

This subject has been further aggravated in many communities by the fact that, with the extension of the acquisition of land for various purposes by the government of Canada, more and more land is exempted from taxation within some communities, a fact which throws a still greater burden back upon those municipal taxpayers who in turn must pay those special taxes imposed by the dominion government.

There are many anomalies in connection with this situation. Let us think of some of the highways that go through various provinces. Those highways may follow a route which carries them through large urban municipalities. Up to the boundary of that municipality the road-building equipment or road-repairing equipment acquired by the provincial government pays none of the special excise taxes including sales tax, but the municipality supporting the continuation of that highway through the urban area, with its own equipment, is called upon to pay these excise taxes upon that equipment serving exactly the same purpose up to the two boundary lines of the municipality. Surely that is utterly inconsistent with the fact that in this case the provincial government and the municipal governments—which is what the municipal councils in fact really are—are performing similar duties on behalf of those taxpayers whom they serve. Surely if it is appropriate that this exemption apply to provincial authorities performing the same task, the exemption should apply to those who continue that responsibility through the intervening segment of the same undertaking.

This illustration could be carried forward into a great many other activities but I shall leave it there because it seems to me that the illustration I have offered does indicate the anomaly that presents itself.

The municipalities of Canada for a number of years have been emphasizing their difficulties in this respect, and I think I should place on record the resolution which was adopted by the mayors association and which was presented to the government of Canada. It deals directly with this point. It reads as follows:

> Whereas municipalities are required to pay the federal 10 per cent sales tax on all items purchased as well as on equipment and articles manufactured by municipalities for their own use and not for resale; and
>
> Whereas the provincial governments, their boards and commissions, do not pay the federal sales tax nor is the tax exigible on certain items purchased for use by hospitals and electrical utilities; and
>
> Whereas municipal governments, under the British North America Act, derive their being from the provincial governments and, as such, represent the delegated power of provincial governments; and
>
> Whereas therefore the continued imposition of the federal sales tax on the purchases of and equipment produced by municipalities would appear to be discriminatory; and
>
> Whereas municipal governments are hard-pressed to hold the rising costs of local government within the narrow limits of their sources of revenue, a situation over which the federal government has expressed its solicitous concern; and
>
> Whereas municipal governments, while desirous of co-operating fully with the organization and provision of adequate local civil defence, are nevertheless finding that the local costs of civil defence are adding an additional and onerous burden on their already severely restricted revenues:
>
> Therefore be it resolved that the Canadian Federation of Mayors and Municipalities strongly urge the federal government to exempt the municipal governments from payment of the federal sales tax on all municipal purchases; including articles manufactured by municipalities for their own use and not for resale.

I submit that this resolution should commend itself to the government and that this is the appropriate time to draw to the attention of the government the fact that an amendment should be included in this present bill now before us which would meet this most reasonable request made by the representatives of many municipalities throughout Canada. In very moderate and conciliatory language this resolution points out that the rising costs of municipalities necessitate taxation within the narrow limits of municipal sources of revenue, which limits are more seriously curtailed by the extent of the tax dollar which is being taken from the Canadian taxpayer by the Canadian government at this time. It is all very well to say that the municipalities still have their flexible sources of revenue. They have only the sources of revenue which are left open to them after the dollars have been drained off in very large measure by the government of Canada.

If the taxpayers in these municipalities—after all, the taxpayers in the municipalities of Canada are the same taxpayers who pay provincial taxes as well as taxes to this government—were freed from the heavy burdens that are imposed by the central taxing authorities, they would be in a much better position to contribute to local requirements. Therefore the extent to which taxation by

the central government constantly encroaches upon the tax dollar is a matter of real and direct concern to the municipal authorities responsible for local taxation.

We have seen the percentage of the tax dollar go up day by day until it appears that last year 78 cents out of every tax dollar was absorbed by this government, leaving only 22 cents available for both the provincial and the municipal authorities. Within that limit the municipalities must seek their opportunity to obtain the money that is required for the vitally important duties which they must carry on on behalf of the people living in those communities.

If we will only think for a moment of the duties performed by the municipal authorities it will become apparent that in the daily lives of our people it is those duties which are most directly related to the needs of our people. Water supply, light, sewage, roads, other services including fire and police protection; all these things are provided by the local governments. It is to the local government that the Canadian in most cases looks for the security and comfort and amenities of his daily life. Therefore, we must recognize the vital necessity of giving to these municipal authorities an adequate measure of independent authority over their own affairs which will assure the most effective services within this country of ours.

When we talk about building up Canadian society, let us remember the extent to which this society of ours rests upon the municipal structure.

Mr. Black (Cumberland): Including education.

Mr. Drew: That of course is most important of all in the field of education. The whole character of our people in the years ahead, the whole future of our country as a civilized society, is going to depend upon the kind of education that we give our children. In very large measure today the burden imposed upon the municipal taxpayer for taxation is seriously aggravated by these excise and sales taxes which are incorporated in the purchases made necessary by the expanding needs of education. Surely if there is one place where exemption in regard to excise and sales tax should apply, it is in the educational requirements upon which to a very great degree the whole future of our society is going to rest.

There is no miracle by which we can carry out the duties of government in the provinces or in the municipalities without taxation. Nevertheless there must be some places where the justice of the application of taxes must be given full consideration. I recognize that there is a difference between the status of provincial governments, municipal councils and the school boards; nevertheless when we speak of the municipalities as creatures of the provinces I would recall the fact that they are fairly lusty and vigorous creatures. They are not creatures to be disposed of by the whim of any government, either the government in Ottawa or any provincial government responsible for the administration of municipal laws within the province. These are real and vital communities within our combined social structure.

I do suggest therefore, as has been pointed out by the federation of mayors and municipalities, that since municipal councils and school boards exist under laws passed by the provincial legislatures, and are to that extent local emanations of the provincial legislative bodies, it would be consistent to apply to those municipal authorities the same exemptions as are applied to the provincial governments.

I would point out that there might be created an invitation to follow a course which might present some difficulty. I would think that if taxes of this kind are to be continued there will be another invitation to centralize authority. After all, one way in which the municipalities could be relieved from this would be for them to turn over certain of their responsibilities to the provincial governments in return for payment and then the provincial governments could buy this machinery and equipment without paying any excise or sales taxes. Thus you would have centralization into provincial hands and still further centralization into the hands of the government at Ottawa. I realize that that appeals to the centralist party from which this government is formed. It believes in centralization for the sake of centralization.

Mr. Abbott: Oh, nonsense.

Mr. Drew: Let us be under no illusion about that.

Mr. Abbott: Oh, nonsense. This has nothing to do with the Excise Tax Act.

Mr. Drew: Every act they have taken for several years has been that of centralists who believe that, by their little less than divine wisdom, the control they exercise in this way will be for the benefit of the people of Canada and will relieve them from the unfortunate consequences of having their affairs dealt with by those more closely associated with their daily needs. By every device within the power of this legislative body payments of that kind should be held within the control of municipal authorities because that is where the most direct supervision is exercised. I heard the Minister

of Finance interject the word "nonsense". May I remind him that it is most unlikely that you will find horses on the payroll under any municipal government.

Mr. Abbott: Like the hon. member for Simcoe North (Mr. Ferguson), my friend can think of nothing but horses, and I am not sure which part.

Mr. Drew: Mr. Speaker, this is merely an illustration, as was pointed out in the report which brought it to the attention of the government, of the complete breakdown in the supervision of the business of government, of which that was an example.

Mr. Speaker: Order. I think I only need to say "order".

Mr. Knowles: Just say "Whoa".

Mr. Abbott: Fair enough, Stanley.

Mr. Drew: Mr. Speaker, I would emphasize the fact—

Mr. Lesage: That is the only language he understands.

Mr. Drew: —that municipal councils are under a constant measure of supervision which makes it most unlikely that any of those fantastic irregularities which have occurred within the knowledge of every hon. member of this house would be likely to happen. Therefore the more we can encourage the retention of the authority of municipal councils over their own affairs, the better it will be for the taxpayers of Canada, who are the same group of taxpayers whether they pay taxes to the municipal, provincial or central authorities.

Then, Mr. Speaker, there is another reason why this should be given consideration. In the early days, when the thought first arose of exempting property belonging to the government of Canada from municipal taxation, the amount of property affected was relatively little in any municipality. With the increasing intervention of government in many fields of activity, even in competitive industrial enterprise as well as the ordinary services of government, it has expanded to the point where in many municipalities it has become a very serious problem to the municipalities themselves. In no municipality is that more clearly shown than in the capital of Canada itself.

The present method provided for dealing with this subject is one that does not meet the requirements of the municipalities. The legislation described as an act respecting grants to municipalities has satisfied no municipality in this country. In the first place the procedure is involved. Why it should only apply to municipalities in which 4 per cent or more—

Mr. Abbott: I do not like to interrupt my hon. friend, but on the second reading of an act to amend the Excise Tax Act are we going to debate the adequacy or otherwise of the provisions of the Municipal Grants Act? If we are, I do not know what the rules of the house are made for.

Mr. Speaker: I doubt if it would be in order. In fact, I am inclined to think that the discussion thus far has been beyond the principle of the bill before the house. The bill before the house is an act to amend the Excise Tax Act, and discussion should be relevant to the bill and not to the Excise Tax Act generally. I merely mention that to the Leader of the Opposition.

Mr. Drew: Mr. Speaker, I would refer you to Beauchesne's third edition, page 228, paragraph 657, which reads as follows:

> It is also competent to a member who desires to place on record any special reasons for not agreeing to the second reading of a bill, to move as an amendment to the question, a resolution declaratory of some principle adverse to, or differing from, the principles, policy, or provisions of the bill, or expressing opinions as to any circumstances connected with its introduction, or prosecution; or otherwise opposed to its progress; or seeking further information in relation to the bill by committees, commissioners, the production of papers or other evidence or the opinion of judges.

Under that rule it is my intention to move an amendment that the bill be not now read a second time but that consideration be given to the subject matter which I have been discussing, and I shall so move at the appropriate point.

Mr. Speaker: The point arises whether that would be relevant to the bill. The law of relativity must always prevail. I would have to be satisfied that there is some reference in the present bill to the question which the Leader of the Opposition has raised. It will be necessary to show that the subject matter which has been discussed is relevant to the bill before I could allow the amendment.

Mr. Abbott: Mr. Speaker, I do not want to take any technical position particularly, but there happens to be nothing in the bill to amend the Excise Tax Act which relates to exemptions from sales tax on municipal purchases. I had intended, as I undertook to do, to make a brief statement on that matter. A number of members have spoken on it, including the hon. member for Vancouver-Quadra. I am sure the Leader of the Opposition will forgive me if I say that he has shed no new light on the subject so far this afternoon. I do intend to say something about it when he completes his

remarks, as I undertook to do when the matter was discussed at some length in the general budget debate.

Mr. Drew: I submit that it is directly relevant because schedule III of the bill now before us includes the exemptions which are proposed, and I am under the impression that exemption of municipal councils and school boards is as important as yogurt, yeast, and one or two others which I see on first glancing at the list of exemptions included in the schedule. I would point out that it is within the power of the government at this time, under the bill and under a schedule to be introduced by the government, to deal with an exemption such as that which I propose. Therefore I move:

That Bill No. 225 be not now read the second time but that it be resolved that in the opinion of this house consideration should be given to the introduction of legislation which would provide for the exemption of all municipal councils and school boards from the payment of excise taxes, including the 10 per cent sales tax, on all their purchases of machinery and other equipment, which taxes impose a particularly heavy burden on municipal taxpayers because of the government's continuing failure to introduce legislation providing for taxation of all government properties in municipalities on the same basis as that of ordinary municipal taxpayers.

Mr. Abbott: That is a nice propaganda resolution.

Mr. Lesage: Learning from Vishinsky.

Hon. Douglas Abbott (Minister of Finance): Mr. Speaker, I am quite prepared to leave the question of whether or not this amendment is in order to the good judgment of Your Honour. I must say, on the first reading, that it seems to me that at any rate the latter part of the resolution has nothing whatever to do with the proposed amendment to the Excise Tax Act which is before the house. If Your Honour cares to take some time to consider the question of whether or not the motion is in order, I should like to state briefly, as I undertook to do, the reasons why the government felt it could not this year recommend any change in the law respecting sales tax paid by municipalities.

Mr. Speaker: If the minister does so, he will close the debate.

Mr. Knowles: Not if he speaks to the amendment.

Mr. Speaker: That is correct.

Mr. Abbott: I will be prepared to speak to the amendment under the reservation of my objection that it is out of order.

Mr. Speaker: I can give the question of whether or not the amendment is in order some consideration and I will not make my ruling at this time.

[Mr. Abbott.]

Mr. Abbott: I would appreciate being able to make my brief statement on this question now, because I have a treasury board meeting which I am anxious to attend and I anticipate I will be able to do so. If I could make my statement it would be some help to me.

During the last year in particular I received a great many requests from literally hundreds of municipalities asking that they be granted an exemption from sales tax on their purchases, and I received the resolution of the federation of mayors and municipalities which was read into the record by my hon. friend the Leader of the Opposition (Mr. Drew). A number of speakers in the course of the budget debate raised this question, as I think they did on the budget resolutions as well.

As I said a moment ago, and perhaps my hon. friend will forgive me if I say it now, he has thrown no new light on this very important and difficult question. I do not feel I can recommend the exemption that was asked for and I would like now to give to the house the reasons for taking the position which I have—a position which, I may say, I found it necessary to take in previous years.

In the first place, I want to assure the various municipal officials that I am not lacking in sympathy for the problems which they face in raising the necessary moneys to finance local government services. It is not a pleasant business to tax people to find moneys to provide things they want and are asking for, as I have every reason to know, since I have to do it myself. However, I am sure that these municipal officials will realize that I must be something less than enthusiastic if by relieving their burdens I add to my own problems. The municipalities, to use the words of my hon. friend the Leader of the Opposition, are legal emanations of the provinces. As I said to the hon. member for Greenwood (Mr. Macdonnell) the other day, I think it would be highly inappropriate for the federal government to assume any direct responsibility for the financial problems of municipalities. Clearly the federal government should follow the line which it has been following of dealing directly with the provincial governments themselves in financial matters, rather than attempting to assist municipalities directly by tax relief measures.

Now, as to the matter of sales tax on materials purchased by the municipalities, and coming down to the first principle, if articles are subject to sales tax in the hands of individuals I find it a little difficult to see why they should be exempt from tax if they are purchased by a corporation for use by individuals. I think it is reasonable to say that perhaps in their very understandable

request for tax relief in this appeal the municipalities have not a great deal of logic on their side. It is true that the provinces are exempt from sales tax on articles purchased by them for provincial use; and a similar provision, I understand, applies to provincial boards. But, in addition to the substantial losses of revenue, which would be involved if municipal purchases were exempt from sales tax, and which would have to be made up from somewhere else, there is a very real practical problem involved in complying with this request. As the house is aware, the sales tax is put on at the manufacturer's level and the ordinary manufacturer has no way of knowing who the eventual purchaser of his product is going to be—whether it will be a municipality or an individual businessman. Accordingly, if an exemption of this kind were granted it would be necessary to fall back on the device of taking either a certificate as to use or the adoption of a system of refunding. Either method is fairly cumbersome and involves a great deal of paper work. When we stop to realize that there are over 4,000 municipalities in Canada, and that the range of articles that can be purchased is an extremely wide range, I do not think I need to emphasize the difficulties of attempting to administer any such exemption. In saying that, I feel sure it will be appreciated that I am not in any way reflecting on the integrity and good will of the municipal officials.

Taking all of these factors into consideration, I have come to the conclusion this year, as I have in past years, that an exemption of this kind cannot and should not be recommended. That is the reason why it is not contained in the amendment before the house.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, while not agreeing with all of the arguments which the Leader of the Opposition (Mr. Drew) put forth in support of this proposition, I wish to say that we thoroughly agree with the contention put forward by the federation of mayors and municipalities, that municipalities be exempted from the requirement to pay excise or sales tax on their purchases.

I have listened to the defence just made by the Minister of Finance (Mr. Abbott) for his failure to accede to this request and I must say that I, for one, am not convinced that he has made any case for his failure to recommend this change.

Not only have we had the position stated by the Minister of Finance here today, and on other occasions, but he has also favoured some of us with excerpts from letters which he has written to some of the cities and municipalities which have made representations to him. I have in my hand a copy of a letter which the Minister of Finance wrote to me on March 18 of this year in reply to my representations in support of a resolution on this matter submitted to the government by the council of the city of Winnipeg. In this letter to me the Minister of Finance has given me excerpts from the letter which he wrote to Mr. Gardner, the Winnipeg city clerk; and one of these arguments which has already been given us but which is spelled out here seems to me to be quite unconvincing. I am quoting from the minister's own letter to the city of Winnipeg.

> An exemption from sales tax for materials and supplies purchased by municipal governments would result in lower costs to the municipalities and therefore should bring some net reduction in municipal taxes but municipal taxpayers are usually also federal taxpayers as well, and tax savings gained at the municipal level might have to be given up in their payment of federal taxes.

It is that point to which I should like to make answer. The Minister of Finance (Mr. Abbott), and indeed others who have spoken on this matter thus far in today's debate, seem to ignore the fact that municipal taxation is levied on a different basis from that of federal taxation. There is a good deal that is wrong with the basis of federal taxation, but at least it comes nearer to the ability to pay basis than any other jurisdiction in this country is able to come. If this policy did work out as the Minister of Finance suggests, that there would be a slight reduction in cost to citizens as municipal taxpayers which they would have to make up in their capacity as federal taxpayers, I suggest that is all to the good. It would mean that that difference would be transferred from a basis which is predicated upon ownership of real estate to an ability to pay basis, at least in so far as that principle is involved in federal taxation. I submit therefore, Mr. Speaker, that the main argument in terms of principle that the Minister of Finance has used in his letter to the city of Winnipeg really does not hold water.

Of course, it is the same people who must pay taxes, whether they pay them to municipalities, provinces or to the federal government. Our whole concern in respect to the question of taxation is that it should be put, as nearly as possible, on an ability to pay basis. The two forms of taxation which come closest to that are the personal income tax and the corporation income tax. We feel, therefore, that it would be better that municipal taxpayers as such should enjoy some relief from municipalities not having to pay the sales tax, even if they do have to turn around and make up for that by paying it in federal taxation.

Now, Mr. Speaker, the other argument which the Minister of Finance used today, and he used it in this letter which he wrote to the Winnipeg city clerk to which I have already referred, is the question of administration. Again I must confess that we are not convinced that that is an insurmountable obstacle. After all, the minister admits that the administration of this tax is already a complicated procedure, with many exemptions as to commodities and many exemptions as to purchasers already involved in the legislation. I, for one, cannot see how it is possible to draw a line between provincial governments and hospitals on the one hand, and municipalities and school boards on the other. I feel that the federation of mayors and municipalities is quite correct in pressing the government for an exemption from the payment of the sales tax.

Actually of course, Mr. Speaker, this raises the whole question as to the fairness of the sales tax. If it is unfair, as we are contending, to impose it upon municipal taxpayers in their capacity as municipal taxpayers, we take that position because we feel that it is unfair to impose it upon them as individuals. Our opposition to the sales tax goes much further than just our opposition to municipalities being required to pay it. We oppose the sales tax in principle. We realize that a great many attempts have been made, particularly in recent years in this house and in some of the committees that have dealt with this matter, to build up the sales tax as a socially desirable method of obtaining revenue. In my opinion it is still a bad form of taxation.

In the course of this session we have heard a great deal said about secret orders in council—at least about one secret order in council which is in existence in this country today. I do not like secret orders in council, not even one of them. But I submit, Mr. Speaker, that hidden taxation is even more sinister and more harmful to the average Canadian than is a secret order in council. That is what we have in the sales tax. Maybe you cannot call it a secret tax because it is there on the books. Anyone who wants to read about it can learn about it. However, it is a hidden form of taxation. It hits all of those people who are not in income brackets sufficiently high to be paying personal income taxes. As a matter of fact, I feel that the Minister of Finance admitted that the sales tax is that kind of hidden tax that gets at everybody, whether or not they have sufficient income, in this same letter from which I have already quoted and which he wrote to Mr. Gardner, the city clerk in Winnipeg. He said this:

> It is naturally the desire of the federal government to keep the sales tax base as broad as possible.

He was stating that as an argument for imposing these taxes on municipalities and school boards. I suggest he has let the cat out of the bag. What he likes about the sales tax is that he catches all those poor people to whom he is giving the impression, by his income tax exemption levels, that they are not being taxed. The plain fact of the matter is that every single man who has an income of less than $1,000, every married man whose income is less than $2,000, and every married man with two children whose income is less than $2,300, though he may not be paying the personal income tax, is certainly caught in the taxation net through this hidden tax which we know as the sales tax. We agree, therefore, with the stand taken by the federation of mayors and municipalities. We agree with the stand taken by the city council of my home city of Winnipeg, that municipalities and school boards should be exempted from paying this tax. We go much further and say that the whole basis of taxation should be pulled away from this taxation on the basis of what one has to purchase and moved in the direction of taxation on the basis of ability to pay.

I give the government little credit—very little; that is all they are entitled to—for moving a little bit in that direction. In looking at the figures which were given to us on February 19, we discovered that the total revenue from excise taxes in the year ended March 31, 1952 amounted to 22 per cent of the total revenue of the federal government. In the year ended March 31, 1952 the estimate was that excise taxes would account for only 19·5 per cent of the total revenue; that, of course, is just one form of indirect taxation. If you add all the forms of indirect taxation together, you find that they accounted for 36·6 per cent in the fiscal year 1952 and 34·3 per cent in the fiscal year ended March 31, 1953. As I say, I am prepared to give the government what little credit is coming to it for having adjusted things so that that percentage is shifting slightly. But our contention is that for 34·3 per cent of the government's revenue still to be coming from what I will call secret or hidden taxes, is unfair to those in the lower income brackets, those little people whom the Minister of Finance would have us believe are not paying income taxes but who are caught in this legislation. This Excise Tax Act is indeed, Mr. Speaker, an income tax act for the little fellow with very little income.

Mr. Lesage: It is 34 per cent.

Mr. Knowles: That is what I said. Not only do we, as I have indicated, oppose the sales tax in principle, on the basis of which we are opposed to municipalities and school boards being required to pay them, but likewise we give our support to the representations that have been made to the Minister of Finance by the Canadian welfare council. These representations were included in a letter addressed to the Minister of Finance on September 23, 1952, over the signature of Mr. Lawrence Freiman, who was chairman of the committee on sales tax and vice-president of the Canadian welfare council. In that letter Mr. Freiman pointed out to the Minister of Finance that there are a number of welfare agencies but that only a few of them, mainly on the basis of their operating institutions, are exempted from the payment of the sales tax. But it was pointed out by Mr. Freiman that—perhaps I can best do it by reading one paragraph from his letter, which is as follows:

> The social welfare agencies in Canada not now covered by the sales tax exemption are an important group with programs designed to prevent individual and family breakdown and to reduce expensive public care. Indeed, the excluded group could with accuracy be called the main source of voluntary welfare in this country. It included such agencies as children's aid societies, family welfare bureaus, visiting nurse associations and community chests and welfare councils, and all the organizations are easily identifiable because of their right to issue receipts for contributions which give exemption from income tax.

It is those groups, Mr. Speaker, on behalf of whom the Canadian welfare council made representations to the Minister of Finance. Here again you have a group of people who are rendering a service to the community. They are doing it on a non-profit voluntary basis, and our community is certainly better for the activities of all these individual groups which are represented by the Canadian welfare council. They made very precise suggestions as to how this might be handled; they gave the conditions that might be required before the exemption could be granted, and in my view the letter which Mr. Freiman wrote dealt adequately with any administrative problems that might arise in the minister's thinking about this matter. All told, it seems to me that here is a group which is as deserving as the other institutions that are granted exemptions now, and equally deserving as the school boards and municipalities on behalf of whom representations are being made at the present time.

The Minister of Finance replied to Mr. Freiman's letter under date of October 10, 1952, as follows:

> Dear Mr. Freiman:
>
> I am sorry that my reply to your letter of September 23 has been delayed.
>
> I have noted the council's suggestion that the sales tax refund benefit which is available to certain charitable organizations of an institutional nature should be extended to other social welfare agencies which are organized and operated exclusively as charitable organizations but are not providing institutional care.
>
> I will be pleased to consider this recommendation when I am studying sales tax proposals during preparation of the next budget.
>
> Your very truly,
>
> D. C. Abbott.

I cannot help but note that sentence which the minister writes so frequently. His stenographer must have some special little symbol for that whole sentence, because he uses it so often:

> I will be pleased to consider this recommendation when I am studying sales tax proposals during preparation of the next budget.

If that consideration was given we see no evidence of it in the legislation now before us. That is the position we take, Mr. Speaker. We are opposed to the sales tax in principle. We point out that the little man who has really inadequate income is, through the medium of the sales tax, called upon to pay what is a hidden or secret tax, and at the present time hidden taxes all told amount to 34 per cent of the total revenue of this government. Because we are opposed to it for the little man in his own right, we are also opposed to having him pay it indirectly through the expenses of municipalities and through the costs of these various welfare agencies; and we hope, despite the fact that the minister has taken a negative position today, and has had to leave the house to attend a meeting of the treasury board, that consideration will yet be given to the unfairness of the sales tax as a whole and to the unfairness of its application to these two groups.

I anticipate, Mr. Speaker, indeed I sense it, that before this debate goes much farther there will probably be some discussion on a point of order. I will not get into that until it is raised, but I do hope that even if Your Honour feels it necessary to suggest to the Leader of the Opposition (Mr. Drew) that he make some slight change in his amendment, such as the dropping of the last phrase of it, nevertheless a way will be found for this house to be permitted to vote on the question which has been presented to us this afternoon, involving as it does our opposition to the sales tax.

Mr. Solon E. Low (Peace River): Mr. Speaker, I am not at all sure that I can throw any more light on the question than has already been thrown on it, but I do feel that those of us who have been speaking in this house for quite a number of years on the sales tax, and advocating its removal, showing thereby that we are opposed to the sales tax in principle, ought to indicate our support of the principle of the amendment which was introduced by the Leader of the Opposition this afternoon and say something by way of reply to the reasons which were given by the Minister of Finance for the position he has taken in respect to this appeal by the federation of mayors and municipalities.

At the outset I want to indicate my support of the brief that was presented by the federation of mayors and municipalities to the Minister of Finance. Contrary to what the Minister of Finance said, I think there was much logic in their position and in their case. The Minister of Finance said there was not. I hope I shall be able to show that there was at least a little logic, perhaps as much as the Minister of Finance has shown in the position that he has taken.

For a good many years I have been working with a view to getting this job done, and lending what little help I could to finally convince the Minister of Finance that he should grant exemption from sales tax to the municipalities and school boards across Canada on the equipment that had been purchased by them. They are entitled to it. They have been asking for it for a good many years, and they have been showing excellent reasons why the Minister of Finance should grant it.

Having said that, I should like to turn for just a moment to some of the things the Minister of Finance said in his statement this afternoon. He said he was not lacking in sympathy for the case of the municipalities. Perhaps not, but the municipalities in the country are likely to judge more by deeds than by words in a case of this kind.

Mr. Knowles: Not only the municipalities.

Mr. Low: Not only the municipalities, of course, but also a very large number of individuals who are directly or indirectly affected by the position taken by the minister. He says that it is a mistake for the federal government to assume any direct responsibility for the municipalities that are legal emanations of the provinces. I admit that the municipalities are legal emanations; they are the children of the provincial governments. That is quite true. But there would be considerably more logic in what the minister said if the federal government had not already laid down a precedent. I am going to mention only one; there are probably many that could be mentioned.

A number of years ago, during the depression years, the municipalities of Canada were in a bad position financially as a consequence of extremely low prices for farm products and the heavy burden of relief costs. The federal government was induced at that time to put through this very house a bill called the Municipal Improvements Assistance Act by which the then minister of finance was able to extend directly to the municipalities loans at a rate of interest of 2 per cent on self-liquidating projects. The provincial governments were drawn into it indirectly to give what they called a continuing guarantee, but the assistance was granted directly to the municipalities.

I therefore contend that the government thereby laid down a precedent for taking other action that might be considered as direct assistance to the municipalities. The minister therefore cannot just shrug it off like that and say, "It is none of our affair" because these are the legal children of the provincial governments. I do not think his reason in that respect holds any water.

The second thing he said was that if he granted the request by the federation of mayors and municipalities his department would lose a substantial amount of revenue. I think that is perhaps the best reason he gave today, namely that he would lose some substantial revenue. But, Mr. Speaker, if the Minister of Finance should comply with the request of the municipalities, school districts and others in the country for the removal of the sales tax on equipment they have to purchase, he could make up that revenue in some other way and, as the hon. member for Winnipeg North Centre (Mr. Knowles) has so well said, in a way that would be more fair and equitable. Certainly the principle of taxation according to ability to pay is much to be preferred to taxation where you can grab it easiest. The principle that seems to be followed today is to get the taxes just as easily as you can and to make others the collectors of taxes, not go out and do it yourself; make other people do it for you.

I suggest there is much reason in what my friend the hon. member for Winnipeg North Centre said. Certainly an income tax or some such thing based on ability to pay is to be preferred to a tax like the sales tax which does have the effect of pyramiding consumer prices, a situation which throws an unjustifiable burden upon those people least able to bear it. I have always opposed the sales tax in principle for the reason that it was applied

at the manufacturer's level and had the effect of pyramiding prices; and in this house on a good many occasions I have given my reasons for being opposed to it in principle.

The Minister of Finance said there was a practical difficulty in the way of granting the request of the federation of mayors and municipalities. He said that the excise tax is imposed at the manufacturer's level and that therefore to comply with their request would involve a system of refunds and a good deal of paper work. I think perhaps that is true, Mr. Speaker; I must say that in all fairness to the minister. I can quite well visualize what a complication of paper work would be involved in trying to deal with purchases made by 4,000 different municipal governments in this country if the exemption were to be granted on all their purchases. I can quite well understand that, because it would perhaps involve everything from mops, mop sticks, soap and things of that kind up to machinery that costs a great deal of money.

An hon. Member: Horses?

Mr. Low: I do not know whether they use horses out in the municipalities or not, but I think we have already said too much about horses. Let us therefore leave them out for the time being. If there is a practical difficulty, however, I suggest that nobody created that difficulty but the government itself that devised the kind of tax that is imposed at the manufacturer's level and that would require the kind of complicated paper work the minister suggested would be involved if exemptions were to be granted.

But let me just make this suggestion to him. If he would make a start now and grant the exemptions requested by the mayors and municipalities and school boards on heavy machinery and equipment that is required for their road-building programs; on equipment, costing a good deal of money, used for the purpose of conveying children to school, such as vans and that sort of thing; and on that costly equipment that is used in civil defence —if the minister would begin by exempting those items only I think he would find that the paper work would not be too extensive.

Certainly the government does not shrink today from exemptions to various sections of Canadian society such as the farmers, with respect to customs duty and such things as that on equipment used exclusively in farming. That process of exemption does involve making refunds. The refunds have to be applied for. Paper work is necessary. While it is perfectly true, Mr. Speaker, that it becomes complicated and in many instances the applicant for the refund has to wait many weeks or months for his money—and that fact has been drawn to the attention of the Minister of National Revenue (Mr. McCann) on several occasions during these past few weeks—in spite of those things I feel perfectly satisfied that if the Minister of Finance would now begin to accede to the request of the federation of mayors and municipalities by granting exemption from sales tax on heavy equipment that is essential for civil defence and for the transport of children to schools, he would be showing his good faith and perhaps would be taking a step toward eventual complete exemption that might be arranged, with little complication, later on.

I just want to conclude by saying this. I do not think for one moment that there is any good and sound reason why the Minister of Finance could not at least begin to take the action that has been requested by the mayors and municipalities. May I say this. I think he owes it to the municipalities of Canada to help them in these extremely trying times. The municipalities are carrying terrific loads. Many of them are growing rapidly. They are bursting at the seams. In their efforts to look after the people who are coming into the municipalities as Canada grows and expands, they are hard put to it to find the revenues with which to provide the extension of services. The unusual demands for education place another burden upon the municipalities and upon the taxpayers in those municipalities.

When one considers that many municipalities in this country are servicing federal property and are not receiving one cent of taxes from the federal government for so doing, unless they come in the class that has been provided for in this municipal arrangement that takes into consideration, I think, only the larger cities where there is a concentration of government offices and buildings, and government property, I think under those circumstances one could very truthfully say that the Minister of Finance (Mr. Abbott) owes it to the municipalities of the country to grant their request. I want it known that I support the brief that was sent in by the federation of mayors and municipalities.

As to the amendment moved by the Leader of the Opposition (Mr. Drew), whether it is found to be out of order or in order I want to say now that I will support it if it comes to a vote.

Mr. David A. Croll (Spadina): Mr. Speaker, I rise for the purpose of saying that I support that portion of the speech of the hon. member for Winnipeg North Centre (Mr. Knowles) which dealt with the request of the Canadian welfare council. I think he pointed out, and I want to reiterate what he said, that on behalf of some 51 community organizations the Canadian welfare council are asking and

have asked for sales tax exemption on purchases made by social welfare agencies. They are asking for the same exemption that has been given to hospitals since 1930.

They are not unaware of the fact that by legislation in 1950 the government gave relief in the way of refunds to a limited number of clearly defined institutions. That is, they would pay the tax and later make application for refund if they were able to establish eligibility. This worked out in a satisfactory manner and has not been subject to any abuses. That legislation gave recognition to the principle of exempting from sales tax the purchases of genuine social welfare agencies operating in the public interest.

We have now had a little more than two years' experience in dealing with genuine agencies under the refund method. I understand that the government were disposed to grant this exemption to genuine welfare agencies, but they were not sure that they could define a genuine welfare agency. In the brief referred to by the hon. member for Winnipeg North Centre dated September 23, 1952, which was forwarded to the Minister of Finance (Mr. Abbott), the following qualifications were suggested which I think should be placed on the record as indicating the criteria for a genuine social welfare agency:

> We would suggest for your consideration that an agency should be eligible for the refund privilege on sales tax only if it meets all of the following conditions:
>
> (a) is certified by the Department of National Health and Welfare as a bona fide social welfare agency, organized and operated exclusively for charitable purposes, the proceeds of which are used in the public interest and not for the benefit of any special individual or group;
>
> (b) qualifies (through Form T-511) as a charitable organization permitted to issue receipts for donations which exempt them from income tax;
>
> (c) is incorporated as a non-profit organization for charitable purposes;

I appreciate that it is rather late in the day to raise this question to which the minister said he had already given consideration, and which he undoubtedly did. But I just wanted to let the minister and the parliamentary assistant know that I intend to pursue this vital matter on behalf of the social welfare agencies at the next sitting of parliament. I am serving notice now so the minister can place this matter at the top of his priority list when he brings down his next budget.

(Translation):

Mr. Leon Balcer (Three Rivers): Mr. Speaker, the matter now under discussion has of course been brought up on several previous occasions in the house, especially during the debate on the budget. Nevertheless, I would like to say a few words on the amendment moved by the Leader of the Opposition (Mr. Drew). I do so, first because I come from the province of Quebec and, secondly, because my province has the largest number of towns and is therefore more seriously affected than any other by the federal government's stubbornness in imposing excise and sales taxes on purchases made by municipalities.

The various municipal councils and the associations of mayors and municipalities were undoubtedly greatly disappointed to find that the budget did not contain any exemption in that connection. The government perhaps tried to sweeten the pill a little by granting an exemption to certain members of our municipal councils with regard to their expense accounts. But I sincerely believe that, in their hearts, our mayors, councillors and school trustees would have gladly done without that exemption and would rather have obtained an increase in revenue in order to be able to administer their budgets, which are getting more and more complicated.

The needs of the municipalities increase every day and the expenses also increase steadily, while, unfortunately, municipal revenues have practically reached the limit. As a matter of fact in 1930, for instance, the municipalities were getting a total of $307 million, while the federal government was getting only $301 million; however, in 1948, the federal government was getting $2,484 million, while municipalities had barely succeeded in raising their own revenues to $469 million, which means, in fact, that real estate in Canada is taxed to the saturation point and that municipalities will have to find other sources of revenue or at least relief from taxes as absurd as those imposed upon them at the present time.

In short, the problem boils down to the limitation of federal-provincial rights, to the delimitation of taxation fields. Therefore, I believe that it is still most urgent to convene a new federal-provincial conference in order to revise our taxation fields and enable the federal and provincial governments, as well as the municipal councils, to levy taxes in a reasonable and logical way according to their needs. For, actually, this tax which is imposed on municipal corporations, is more or less a federal tax levied on a property tax. Take, for instance, the case of a school tax based on the value of a certain property. This tax is levied by the municipality and under the B.N.A. Act the federal government takes a part of it—

Mr. Deputy Speaker: I regret to interrupt the hon. member, but since it is now five o'clock, we must take up private bills.

(Text):

PRIVATE BILLS

MID-CONTINENT PIPELINES LIMITED

The house in committee on Bill No. 189, to incorporate Mid-Continent Pipelines Limited —Mr. Larson—Mr. Beaudoin in the chair.

The Chairman: I might point out that this bill has been considered by the standing committee on railways, canals and telegraph lines and was reported to the house with one amendment with respect to clause 6 of the bill.

On section 1—*Incorporation.*

Mr. Nickle: Mr. Chairman, due to my absence from the house for several weeks, while I was in hospital and recuperating, I was unable to participate in certain rather interesting debates in the house, including that dealing with Mid-Continent Pipelines Limited. However, I have read with considerable interest the speeches made on the bill, and I might say that they were notable on several counts. First of all, the Minister of Trade and Commerce, for the first time during my period in the house, outlined that thing which was something of a mystery for a long time, government policy on natural gas. He coupled with that comments on oil policy.

On some points, notably oil, he and I agree. On others, including the basic policy on gas for eastern Canada, there is unfortunately sharp disagreement. In some degree this also applies to some of the opinions expressed by certain of my colleagues in the Progressive Conservative party. Even in a happy family, such as our group in the house, there cannot and should not always be uniformity of opinion. From that statement I trust it will be clear that I am speaking as an individual member and not as a spokesman for my party. The opinion with respect to our gas pipe-line policy eastward from Alberta which was closest to my own views was that of the hon. member for Peace River. Since there is not always such a measure of agreement in our respective views on other matters, I hasten to congratulate him on his gas policy speech.

I believe his speech certainly gave greater weight to economic realities than that of the minister who spoke for the government, although there have been other occasions when the reverse would apply. I am sure all in this house share a common view on our Canada. We place our country first in our hearts and actions, ahead of considerations for any other nation. "Canada first" and "Canada always" are neither empty phrases nor the private property of any one party or any one man. We all place Canada first for always, but how each of us does so in reaching our objective in each problem facing Canada may vary widely.

On the general proposition of greater markets for Alberta and other western gas and the securing of a gas supply for the eastern prairies and eastern Canada, there are different approaches to a solution, each with the objective "Canada first". To me the term "Canada first" applied to our natural gas means a careful weighing of all the factors involved in order that our country will derive the maximum possible benefit from this resource, including gas already discovered and awaiting a market plus the much vaster quantity still hidden below the western provinces and requiring both dollars and incentive to uncover. This weighing of all factors is a far broader and, I believe, more beneficial definition than any interpretation of "Canada first" as meaning only that all gas pipe lines much be laid over Canadian territory only regardless of economics, and that all Canadian markets must be served with Canadian gas regardless of economics.

The setting up of such prerequisites to approval by Ottawa of gas pipe lines can be far more costly than generally realized, costly to Canadian consumers, producers, producing provinces and the Canadian economy as a whole. The over-all cost to Canada's economy could amount to hundreds of millions of dollars. I believe the price is far too high to allow nationalist emotions to override common sense. Since last May, when I outlined to the house a proposed national gas policy, there have been some important developments. Planning for gas markets on a larger scale than before is now required because of the continuing rapid expansion of proved gas reserves in the west and also because of the increasing wastage of gas in the Alberta oil fields where gas must be produced whether or not it has a market.

In other words, we have entered an era of gas plenty rather than shortage that will likely continue for many years provided the incentive is continued for large-scale exploration. Maximum value with minimum waste can only be achieved in my opinion by pipeline route planning designed to capture maximum markets on both sides of the border on a sound basis with the least possible delay. To do so we must carefully consider more than the three alternative pipe-line projects east that were before us last year. Let me emphasize that I am neither supporting nor opposing any particular would-be builder of

a pipe line. I am not concerned with what one of several pipe-line proposers, or what combination of proposers, actually builds what I trust will be only the first of several major pipe lines eastward from Alberta.

I am very much concerned, however, with the selection of a route because that decision will be vital in its long-term effect upon the west and upon all of Canada. The mating of gas reserves to markets should be, as has largely been the case with our crude oil, on the soundest possible economic basis, meaning simply to ensure the best possible price for gas producers and the lowest possible cost to gas consumers. Let me emphasize that our gas, like our oil, is a long cost-distance removed from the major markets beyond the prairies. Even with the most economic mating of reserves to markets, our wellhead worth of gas and oil is and will continue to be substantially lower than the wellhead value of the same quality products in major United States producing states, which are better located in relation to major markets.

Despite that handicap we can continue to attract hundreds of millions of exploration dollars, which are essential if the underground treasures of the west are to be fully uncovered. We can reduce the handicap of long cost-distance by keeping the economic climate healthy. Part of that climate involves, in my view, the application of sound economics and common sense, not emotionalism and nationalism, to the linking of reserves to markets. In the routing of the Interprovincial oil pipe line from Alberta to the east, sound economics won out over what I believe to be the emotional appeal of construction confined solely to Canadian territory. With further savings in oil transport costs to be achieved in a few months by the extension of the pipe line 600 odd miles from Superior to Sarnia, the wellhead worth of western Canadian oil will be further increased a few cents to about 15 cents per barrel above the price that would apply if an all-Canadian route had been followed.

That represents, on our current proved oil reserves alone, about a $300 million saving for the Canadian economy. The Canadian government through corporation taxes, and the governments of oil provinces through royalties, will collect over half that increased value as the oil is produced. Indeed, they and Canada will benefit even more, for the balance of the added value will go to those who risked capital in oil and gas development—

The Chairman: Order. May I ask the hon. member to discuss the bill. We had a discussion on policy on the occasion of the debate on second reading. It would seem to me that the general discussion that is allowed on the first clause of a bill must relate to the various clauses of the bill. If we open the gate again to a discussion of policy, I am afraid that we will be renewing the debate which took place on second reading and which is already concluded. I will ask the hon. member to bear that in mind.

Mr. Nickle: Mr. Chairman, my remarks are all primarily directed to the bill under discussion. As I said earlier, dealing with oil and gas pipe lines brought into discussion on second reading—

The Chairman: The remarks of the hon. member are directed to all pipe-line bills, including this one.

Mr. Nickle: They will direct themselves to this particular bill.

I would like to complete my comments in relation to the oil line because it has a very direct bearing on the particular pipe line before us. I mentioned that there would be a huge saving to the Canadian economy, about $300 million, because of the routing of this pipe line by way of the United States to Sarnia. I might say that big saving to Canada is not at the expense of the eastern Canadian consumer. The consumer in the east pays no more and no less than he would if his petroleum supply were from outside Canada, for Alberta oil must be laid down in Ontario refineries at no more than the laid-down price of United States oil. The western producer and his government partners get that competitive price less the transport cost; and the lower the transport cost—in other words the more economical the pipe line—the higher is the wellhead return.

The pricing of natural gas to the producer and consumer is also based upon competition not only from gas from other fields but also from the other principal fuels of home and industry, namely fuel oil and coal. In some markets, those close to gas fields like many Alberta communities, and others close to some pipe lines, the cost of gas is or may be lower than that of other fuels. In other markets such as the vast fuel market of eastern Canada our western gas at best can only approach or meet the cost of fuel oil or coal.

At worst, by which I mean through use of the most expensive rather than the lowest cost pipe-line route, western gas would not be able to meet competition of other fuels without one or more forms of assistance. First, there might be some major form of either direct or indirect subsidy paid by the Canadian consumers as a whole or by the

eastern consuming provinces. Second, there might have to be a substantial degree of equalizing of costs to consumers along the entire pipe-line route, designed to bring costs down in markets most distant from the gas fields, and raise costs in markets along the route. This would have the effect of prairie province consumers along the route being forced to help subsidize gas in eastern Canada. Third, there might be a cutting down of wellhead values for gas in the fields serving the pipe line, thus forcing the producer and all who share in the proceeds of his gas production to help subsidize gas for eastern Canada; or we might have a combination of the various forms of subsidy I have already mentioned.

Certainly the Minister of Trade and Commerce is not unaware of most of the points I have made in regard to oil and gas pricing and related matters.

Mr. McIlraith: Mr. Chairman, on a point of order, we are having a debate that would be proper on second reading of the bill. As I understand it this bill received second reading and, having been dealt with by the appropriate committee of the house, it is back in committee of the whole for detailed discussion of the sections. The whole speech of the hon. member is related to the general principle and is one that should have been given on second reading. I am just wondering how far afield we are going to go at this point.

An hon. Member: He is reading the speech, too.

Mr. McIlraith: It is just a point as to the propriety of the speech at this time.

Mr. Drew: Mr. Chairman, may I submit for your consideration a fact which I think will perhaps commend itself to hon. members on both sides of the house. The member for Calgary West has been greatly interested in the subject under consideration.

An hon. Member: We all are.

Mr. Drew: As I think many hon. members are aware, he was seriously ill for a short time and, unfortunately, for that reason was unable to take part in this debate at an earlier date. I would concede immediately that the rules are not designed to meet such a situation. Nevertheless in view of the length of the debate which has ranged on this bill, I feel that it would be appropriate if the courtesy were extended to the hon. member of presenting views which are related to the general problem before us.

Mr. McIlraith: I did not understand that the hon. member was asking indulgence to make the speech under those circumstances. If he is, I am very glad to withdraw my objection. I raised it purely as a point of procedure, but in view of the circumstances I am quite prepared to grant the indulgence.

The Chairman: Has the hon. member for Calgary West unanimous consent to carry on?

Some hon. Members: Agreed.

Mr. Nickle: May I express my appreciation through you, sir, to the Leader of the Opposition and to the hon. member for Ottawa West. I must say, however, that some or all of the points I am dealing with might quite properly be brought up during the consideration of section 6 of this particular bill dealing with the restriction of pipe-line construction by this particular company to routes within Canada.

I had mentioned that the Minister of Trade and Commerce was certainly not unaware of most of the points I dealt with concerning oil and gas pricing. He spoke on March 13 in this debate dealing with the Interprovincial pipe line, and referred to suggestions that the pipe line should have gone from Alberta to Port Arthur, and then around the north and east side of the great lakes to Sarnia, rather than enter the United States and thence cross Michigan to Sarnia. At that time the minister made this statement and I quote from page 2928 of *Hansard:*

> It is worth noting that the distance from Gretna, Manitoba, to Sarnia by the present route is 939 miles, while the distance by the route advocated . . . is 1,341 miles.

Mr. McIlraith: "—advocated by the Leader of the Opposition."

Mr. Nickle: "—advocated by the Leader of the Opposition."

> The cost increase involved in building the pipe line following the latter route would result in an additional expenditure estimated at $67 million. Such a line would touch no important refining centre and thus would be of no important value to the area it would traverse. Remembering that the cost of the line must eventually be paid either by the producers or by the users of gasoline and other petroleum products, or by both, the government is not disposed to exercise its authority to saddle these consumers with an additional and unnecessary $67 million of expenditure, nor would the national interest be served by so doing.

In that basic conclusion I fully concur. It supports the case I have presented many times since the pipe line was first proposed in 1949. However, the minister is not quite correct on one point. The consumer of oil moved over the line would not have to pay the extra $67 million, for the cost to him has a ceiling set by competition with foreign oil. The extra cost would be recovered by a higher transport charge passed back to the producer, and would thus be a burden upon the oil producer,

the provincial governments and other royalty owners, and the federal treasury through loss of taxable income.

The minister showed his basic awareness of the economic weakness of a gas pipe line from Alberta to eastern Canada over the Canadian north-great lakes route when he commented unfavourably upon an oil pipe line over the same route. He also showed his realization of the economic unsoundness of this line or the weakness of the line when he wrote Premier Manning of Alberta concerning gas pipe lines last January 3. The minister quoted his letter during his speech on March 13. After advising the Alberta premier that before any export permit for gas to the United States would be authorized under the Electricity and Fluid Exportation Act, Ontario, Quebec and prairie markets must have Alberta gas made available, the minister then went on to say:

> I am aware that, for the period when natural gas is first made available in Ontario and Quebec, and until the load can be built up, such a pipeline project is unlikely to be profitable, either for the producers of gas or for the owners of the pipe line. Nevertheless, there is evidence that a pipeline project for Ontario and Quebec can be worked out and that the project will be profitable over a period of years.

During his speech the minister made reasonably clear the particular route about which he was thinking. On page 2930 of *Hansard* for March 13, 1953, the minister said:

> I am convinced, after thorough study of the matter, that the only reliable supply of natural gas for the provinces of Ontario and Quebec must be from western Canada by means of an all-Canadian pipe line.

I am glad to see that the minister has just entered the chamber. The minister's statements might be summarized as follows. An oil pipe line from Alberta to eastern Canada, by an all-Canadian route in preference to the route chosen, would be plain silly because it would be 400 miles longer and would cost $67 million extra. It would be an extra drain on the Canadian economy, and would serve no useful purpose. A gas pipe line over the same costly all-Canadian route would also lose money for the producers and in addition for the owners of the pipe line for some time—the number of years he did not indicate—but that is the only gas line my government will approve because that is the only reliable way of getting gas to eastern Canada. I am paraphrasing the statement by the minister.

Like my chief, the Leader of the Opposition, like the Minister of Trade and Commerce, and like all others who have spoken in this debate from all parties in this house, I strongly support putting the west's gas to use for Canada and getting natural gas to as many Canadians as possible. I submit, however, that there are several alternatives to an Alberta to Quebec gas pipe line built entirely on Canadian soil, each of which would be more economically sound, would provide a better deal for Canadian producers and consumers as well as for the backers of the pipe line, and would better serve the interests of the gas provinces and Canada as a whole.

These alternatives are: (1) A gas exchange treaty with the United States; (2) a pipe line from Alberta to eastern Canada dedicated to serving only Canadian consumers and following one of the two shortest cost-distance routes. Such a line would cross the prairie provinces, serving this market, then parallel the Interprovincial oil pipe line along the south side of Lake Superior and then re-enter Canada either at Sault Ste. Marie or near Sarnia; (3) a comparable route from Alberta to eastern Canada, with Canadian consumers having first priority on gas throughout, but with no barrier being placed on sales to United States consumers of gas available in excess of Canadian needs.

The first alternative would involve a sincere top-level effort by Canadian and United States governments to try to work out a long term, firm treaty for exchange of gas between the two countries. The purpose of such a treaty would be the matching of gas fields to gas markets in the two nations on the most economic basis; that is in a pattern designed to give producers in both countries the highest possible wellhead value, and consumers in both nations gas at lowest possible cost. Over the past year the leader of my party and others, including myself, have advocated that the government initiate negotiations with the United States to determine the feasibility of gas exchange. There is no evidence that any such negotiations have been initiated. The Minister of Trade and Commerce, in fact, confirmed this last May when he answered "no" to a direct question by me on the matter. He appears to further confirm it by his comment in this house on March 13, which appears at page 2930 of *Hansard*:

> I am convinced that the rulings of the federal power commission which recognize the great and growing demand for natural gas in the United States debar any possibility of such an exchange.

How can the minister, or anyone else, actually know that a common sense gas exchange treaty is impossible of achievement until a real effort to get one has been made? Certainly at present the restrictions as to outside delivery of Canadian gas under the Electricity and Fluid Exportation Act, and the restrictions on United States gas under

the United States federal power commission, may prove more costly to producers and consumers in both countries than their replacement by an exchange treaty based on the most economic matching of gas fields to markets.

It is a fact that a number of Pacific northwest and middle western states in the United States could be supplied with lower cost gas from Canada than from the United States fields. This would at the same time ensure that British Columbia, which is too small a market to support a pipe line unless that line also serves the United States northwest, could be supplied with Canadian gas. It would ensure, too, that Canadian gas producers, and their government partners in the proceeds of production, could get the best possible return from this resource. It is also a fact that United States gas from Texas and Louisiana could be piped into Ontario and Quebec at a cost to Canadian consumers from 10 to 20 per cent lower than the cost of Alberta gas delivered by even the most economic route.

The doubts of the Minister of Trade and Commerce concerning gas exchange, and the fears of others both in this house and elsewhere in Canada that dependence upon a foreign source of gas would mean insecurity, both as to supply and price, are shared by the United States in the Pacific northwest and Washington. There is the fear that dependence on Canadian gas could mean insecurity of supply and price. Such fears might, in fact, result in rejection by the United States of the Westcoast Transmission Company's proposal for a gas line from the Peace river fields of northern Alberta and British Columbia down to Vancouver, Seattle, Portland and other communities. At this stage of the federal power commission hearings on the Westcoast application, and the alternative proposal for dedication of the Pacific northwest to gas from more distant United States fields, the odds are probably no better than even money that Westcoast can win out.

If this government is strongly desirous of Peace river gas reaching the Pacific it will likely have to give—despite the restrictions of the Electricity and Fluid Exportation Act—the federal power commission a guarantee that the act would not be used to cut off gas supply to the United States northwest for at least twenty times the duration of the present one-year export permit, and further guarantee that gas costs would not be raised to prohibitive levels by application of the act's power to impose an export tax of up to ten cents per thousand cubic feet. When and if the government presents that guarantee—without which British Columbia might not get a gas pipe line—this government might logically raise in Washington the broad question of a large scale gas exchange treaty.

If we cannot get an exchange of gas, our own self-interest dictates that we try to secure certain United States gas markets in order to ensure gas for our Pacific coast and economic outlets for certain of our gas reserves. Since this would be of obvious value to the United States, too, gas supply to specified United States markets could at least be used as a lever to secure (1) concessions on United States markets for such items as the Canadian petrochemicals, which will be a vast by-product of gas export from Alberta; and (2) United States guarantees of precedence for Canadian consumers on gas pipe lines passing over United States territory between Canadian fields and markets.

If exchange of gas is proved impossible, let us consider the alternative routes for a pipe line between Alberta and eastern Canada. But first there are certain misconceptions in the east and in this house as to what a gas pipe line might achieve. The first misconception is the view that Alberta gas would be cheap gas in the east. That is not so. Gas delivered at the Alberta end of a pipe line would likely cost in the range of seven to ten cents per thousand cubic feet. The eastern home owner served by the line would likely pay 15 to 20 times that wellhead cost. The eastern industrial consumer would likely have to pay 4 to 8 times the wellhead cost.

Of necessity I use a broad range of estimated costs, for these would vary with the pipe-line route chosen; the nature of direct or indirect subsidies, if such should be provided, the degree of success in building up markets through the years in competition with other fuels, especially industrial markets which would be expected to absorb 70 per cent or more of the pipe line throughout. Every potential consumer, householder or industry, would have to make his own decision to use or not to use gas, based upon its cost in comparison to other fuels, the cost of changeover from one fuel to another, and the comparative convenience of fuels. By any pipe-line route, Alberta gas will not be cheap gas in the east; but it could be cheaper by one route in preference to another.

The second misconception in the east is the view that a pipe line would make gas available to all Ontario and Quebec. Actually a transport pipe line serves only the markets along its route; and supplies of gas to other towns or cities or industries 25, 50, 100 or several hundreds of miles distant

from the main pipe line are dependent upon the economics of the particular branch or lateral lines that would have to be built to serve markets off the main line. For example, markets far larger than any now indicated would have to be available in northern Ontario to justify any branch lines from a main line north of lake Superior. Just as many smaller Alberta communities, some within 25 miles of gas fields or pipe lines, are too distant cost-wise to get natural gas, a far greater number of Ontario and Quebec communities cannot hope to be served with natural gas when a pipe line is built from the west.

The most costly section of a pipe line from Alberta to the east via Canadian territory would be the more than 800 miles in northern Ontario between the Manitoba border and the Sudbury area. The difficult terrain in that range would raise the mileage cost of construction by from 100 to 150 per cent above the cost of construction along the rest of the route. That 800-mile section would be a major contributing factor in making cost of a line over that route far higher than the cost of a line to eastern Canada via the United States. That big extra cost the producer, the consumer and the Canadian economy would have to pay.

What would be the benefit of an all-Canadian pipe line north of the great lakes? The market survey made for Trans-Canada Pipe Lines Limited, the first proposer of a line over the all-Canadian route, anticipates that the total requirements of the communities to be served between Saskatchewan and Quebec inclusive would be 86 billion cubic feet the first year of pipe-line operation, building up to 105 billion the fifth year. Of that fifth year total, the survey indicates that only 4·6 billion cubic feet, or just 4·4 per cent of the total, would be the requirement along the costly 800-mile stretch including Port Arthur and Fort William and eight smaller communities between Manitoba and Sudbury which are the only markets contemplated to be served between Manitoba and Sudbury. The population represented is about 2 per cent of the total who could be served by an Alberta to Montreal pipe line.

Unless the government has information not available to the market surveyor or this house concerning very large additional markets for gas north of lake Superior, this question must be raised: Does the serving of less than 4½ per cent of the potential market and 2 per cent of the potential consumers justify the expanding of two score or more extra millions of dollars? Such extra cost, we must remember, would have to be borne by gas producers and their provincial government partners through lower wellhead values; by consumers with particular emphasis on the householder consumer; and probably also by the taxpayers generally through some form of subsidy.

Would not one of the following routes better serve Canada as a whole in view of their lower cost and sounder economies? One, from Alberta across Saskatchewan and Manitoba, swinging south of lake Superior across northern Michigan, re-entering Canada at Sault Ste. Marie, thence to Sudbury and south to Toronto, then branching east to Montreal and Ottawa and west into southern Ontario, serving all communities along the route; or in lieu of that, the same route across western Canada and north Michigan, but branching at Mackinac strait, with a branch swinging east to serve the Sault Ste. Marie and Sudbury areas and the main line swinging south across Michigan to re-enter Canada near Sarnia, thence moving east through southern Ontario to Toronto, Ottawa Montreal and other communities. Or, three, either of these two routes to eastern Canada, coupled with a branch-off to Minneapolis-St. Paul, where a market for 35 to 50 billion cubic feet yearly would be immediately available with an existing utility company, to absorb surplus gas from Alberta during the five years or more that would be required to build up markets in eastern Canada.

Each of these alternatives offers benefits to Canadian consumers greater than would be obtained from a line north of the lakes. This is particularly true for consumers on the prairies and, if the Sarnia route is used, the consumers in southern Ontario, who would be brought nearer, in cost-distance, to the west's gas.

The supply provinces, Alberta and Saskatchewan, would reap the benefits of better wellhead gas prices, aiding their economies directly through improved government revenue from gas sales, and increased incentive for continued large-scale exploration for more oil and gas in the west.

I am not unmindful of the lakehead cities. I trust their potential market would prove sufficient to justify construction of a branch pipe line from any main line that might be built to eastern Canada.

In conclusion, the Alberta conservation board will commence hearings May 11 on applications to move gas westward from that province. It is likely that the hearings will include much evidence on the economic and engineering aspects of all proposed pipe-line routes and markets. The studies by that board will be in line with the policy recently

stated by Premier Manning, a policy with which as an Albertan I fully agree. He said:

> In approving the export of surplus gas, the government will adhere to its policy of giving first priority to other Canadian markets if, in the opinion of the conservation board, the economic factors involved are not incompatible with the interests of Alberta producers and the province as a whole.

I trust that this Ottawa government will make it possible for the board of transport commissioners to make a full and complete study of all possible routes for gas, by not binding that board to consideration only of applications for pipe-line construction along routes entirely on Canadian territory.

Between Alberta's conservation board and Canada's transport board our nation has the opportunity to obtain from impartial studies the answers to the vital questions concerning natural gas supply for eastern Canadians and utilization of the west's gas resources in the manner best calculated to serve Canada's interests.

I trust that opportunity will not be lost because of emotional appeals or mere political considerations that could prevent full impartial studies, by tying in advance the hands of the investigators, the board of transport commissioners.

Mr. Drew: Mr. Chairman, the measure before us now contains an amendment which calls for consideration by the members of the committee at this time. That is the recommendation:

> That sub-clause (a) of clause 6 of this bill be amended by deleting the words "or outside" in line 14; by deleting the words "and/or international" in line 19; by deleting the words "the main" and "line or" in line 26, and by inserting after the word "that" in line 26 thereof the word "all".

The effect of this amendment, on being adopted and forwarded, was that the bill now before us would provide for a pipe line entirely within Canada to the east. That is what we were actually considering. I believe it is appropriate that we should bear in mind that this amendment has a considerable effect and that we should have due regard to what is actually before us in that respect.

The question as to whether the company which will be incorporated by this bill, if the bill is passed by the house, or any other corporation would obtain a licence from the board of transport commissioners when the time comes for them to make their application and have it considered, is not actually in issue before us at this time. I think, however, it is appropriate that certain comments be made in regard to this subject when we bear in mind the fact that the bill now before us relates only to a line entirely within Canada.

The question before us is not whether it is wise for the province of Alberta to permit the export of gas from that province. That is something which is under the control of the government of the province of Alberta. It has been stated by the premier of that province that the Alberta government has decided that it is their intention to permit the export of gas. We are therefore not called upon to argue the merits or otherwise of such a proposal from the point of view of the residents of Alberta. There are those who think that the people of Alberta would be wise to insist that the natural gas produced in that province be entirely used for the residents of that province. Again I emphasize the fact that this subject does not come before us for consideration. The government of Alberta has taken its position in this respect.

The question before us is as to what happens after the gas leaves Alberta. That question does fall within the authority of a tribunal which has been set up for the purpose of considering applications for permission to handle natural gas. As far as we are concerned at the moment, we are dealing with an application for incorporation which contains the provision that the pipe line shall run east from Alberta entirely within the boundaries of Canada.

I realize that in considering this subject it is natural that the point of view should be shaped in some measure by the part of Canada in which we live and also by the experience any of us may have had with regard to matters of this kind. However I think there has been one clearly expressed purpose—and may I say that the purpose has been expressed from both sides of the house—namely that it is the best interests of Canadians which should be considered in dealing with a question of this kind.

Our party has put on record consistently its belief that in the use of natural gas, as in the case of other resources, the legitimate self-interest of Canadians should be the first consideration of the representatives of the people of Canada who meet in the House of Commons. At no time has the assertion of that simple but understandable policy been intended to convey—nor, I suggest, could it properly have conveyed—any demand that there should be no export to the United States of either natural gas or other resources where it was consistent with our legitimate self-interest that this should be done.

I agree that economic factors must be given consideration. It would be folly to deny that cost and the other economic factors related to any operation of this kind should be carefully examined in deciding whether

it is wise to have a pipe line of this kind entirely within Canada.

The history of dealings betweeen Canada and the United States is one of friendly exchange of resources where that exchange is to the common advantage of both countries. We have had unhappy experiences; and I have no doubt there have been occasions when the people of the United States as well thought we might have done something more favourable to them. Nevertheless, on the whole the relationship between these two countries has been one that may be regarded with admiration by everyone living here or elsewhere.

Section stands.

Progress reported.

THE ROYAL ASSENT

A message was delivered by Major C. R. Lamoureux, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, the Right Honourable the Deputy Governor General desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, Mr. Speaker with the house went up to the Senate chamber.

And being returned:

Mr. Speaker informed the house that the Deputy Governor General had been pleased to give, in Her Majesty's name, the royal assent to the following bills:

An act for the relief of Marguerite Irene Bastien Taschereau.

An act for the relief of William Gordon Quinn.

An act for the relief of Joseph Brennan.

An act for the relief of Henry Collingwood.

An act for the relief of Douglas Malcolm Stephen.

An act for the relief of Mary Lane Taylor.

An act for the relief of Stanley Gordon Fowler.

An act for the relief of Ethel Florence Flack Towne.

An act for the relief of Mary Katherine Randell Clarke.

An act for the relief of Ralph Wellington Goodyear.

An act for the relief of Donalda Gagnon Fontaine.

An act for the relief of Marie Sylvaine Alain Dahlstrom.

An act for the relief of Ruth Schwartz Cohen.

An act for the relief of Annie Mislovitch Cohen.

An act for the relief of Minnie Miki Simon Werkzeig, otherwise known as Minnie Miki Simon Werk.

An act for the relief of Antonio Proietti.

An act for the relief of Ida Hier Blant.

An act for the relief of Hilda Irene Roddis Galbraith.

An act for the relief of Ivy Helen Jean Morton Starke.

An act for the relief of Barney Flegal.

An act for the relief of Marie Rene Emond Walker.

An act for the relief of Edwin George Chafe.

An act for the relief of Phyllis Violet Perlson Wright.

An act for the relief of Margaret Eadie Kerr Britton.

[Mr. Drew.]

An act for the relief of George Robert Stirling Henry.

An act for the relief of Margaret Elizabeth Thelma Webb Crothers.

An act for the relief of Pauline Liliane Baron Brumby.

An act for the relief of Madeleine Blain Cousineau.

An act for the relief of Angelina Maria Di Battista Gill.

An act for the relief of Charles Snoade Hilder.

An act for the relief of Rolph Julian La France.

An act for the relief of Jack Gold.

An act for the relief of Hazel Margaret MacRury Jordan.

An act for the relief of Anne Agnes Costigan Entwistle.

An act for the relief of Rachel Sturman Spierer.

An act for the relief of Agnes Kathleen Small Finlayson.

An act for the relief of Pearl Irene Balogh Katona.

An act for the relief of Zoe Audrey Birch Butler.

An act for the relief of Bessie Mewhirter Mitchell Cameron.

An act for the relief of Elsie Smith Gray.

An act for the relief of Rita Lowsky Blatt.

An act for the relief of Anna Shulemson Heymann.

An act for the relief of Cecile Lea Sauve Rheaume.

An act for the relief of George Frederick Shaw.

An act for the relief of John Arthur Dorsay.

An act for the relief of Dorothy Green Wainer.

An act for the relief of Mildred Isabel Lunan Aspell.

An act for the relief of Minnie Martz Kurtzman.

An act for the relief of Elizabeth Smaga Melnitzky.

An act for the relief of Alexander Hillcoat.

An act for the relief of Georgina Gibbons Bastien.

An act for the relief of Alice Martha Sharkey MacInnes.

An act for the relief of Gittel Gershonowitch Hammer.

An act for the relief of Frances Louise Devenish.

An act for the relief of Marguerite Evelyn Lucy Watts Paterson.

An act for the relief of Joseph Edouard Charles Pichette.

An act for the relief of Cecilia Rachel Baird.

An act for the relief of Verna Kirstine Dam Credico.

An act for the relief of Diane Parent Leblanc.

An act for the relief of Blima Blossom Wendy Weitzman Thompson.

An act for the relief of Joseph Edgar Roger Roland Bisaillon.

An act for the relief of Catherine Lois MacLeod McPhee.

An act for the relief of Dessie Fowler Taylor.

An act for the relief of Florence Trudy Nugent Barnett.

An act for the relief of Gordon Dampierre Ross.

An act for the relief of Mary Rose Anne Rihel Kowalski.

An act for the relief of Walter Critch.

An act for the relief of Edwin George Godden.

An act for the relief of Lottie Mendelman Brand.

An act for the relief of Jacob Titsch.

An act for the relief of Andrew Percy Bell.

An act for the relief of Eileen Doris Martin Martin.

An act for the relief of Annie Moulard Cumming Wright.

An act for the relief of William James Dunn.

An act for the relief of Jean Marion Oickle Joudrey.

An act for the relief of Alena Estella Welch Ball.
An act for the relief of Elizabeth Rogers Guerin.
An act for the relief of Richard Alfred Sutton.
An act for the relief of Doris Edgar Choquette.
An act for the relief of Jessie Hazel Kerr Coolon.
An act for the relief of Laurence Christopher Bell.
An act for the relief of Valorie Leslie Hylda Carson Wallis.
An act for the relief of Jessie Allan Purdie McCulloch.
An act for the relief of Alice Mary Barakett Zion.
An act for the relief of Marcel Clark.
An act for the relief of Sender Mines.
An act for the relief of Robert Joseph Albert Pratte.
An act for the relief of Leonard James Chadwick.
An act for the relief of Merle Minnie Esther Hoffman Nevard.
An act for the relief of Doris Ethel Taylor.
An act for the relief of Gordon Earl Page.
An act for the relief of Yaroslava Glucka Levandosky.
An act for the relief of Edelard Gilbert.
An act for the relief of Celia Tarnofsky Edgar.
An act for the relief of William Flookes.
An act for the relief of Kathleen Ada Styles Labonte.
An act to incorporate The Mercantile Bank of Canada.
An act to amend The Canadian Vessel Construction Assistance Act.
An act respecting The Saint John Bridge and Railway Extension Company.
An act to amend The Canadian Overseas Telecommunication Corporation Act.
An act to incorporate The Apostolic Trustees of the Friars Minor or Franciscans of Western Canada.
An act to incorporate The Evangelical Lutheran Synod of Western Canada.
An act respecting The Detroit and Windsor Subway Company.
An act to incorporate Canadian Reinsurance Company.
An act respecting The Apostolic Trustees of the Friars Minor or Franciscans.
An act to incorporate The Callow Veterans' and Invalids' Welfare League.
An act respecting a certain patent and patent application of Florence F. Loudon.
An act to amend The Merchant Seamen Compensation Act.
An act to protect the Coastal Fisheries.
An act to amend The Statistics Act.
An act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1954.
An act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1953.

Mr. Speaker: At eight o'clock the house will resume the business which was interrupted at five o'clock.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

EXCISE TAX ACT

The house resumed consideration of the motion of Mr. Abbott for the second reading of Bill No. 225, to amend the Excise Tax Act, and the amendment thereto of Mr. Drew.

(Translation):

Mr. Balcer: Mr. Speaker, I wish to conclude the remarks I was making this afternoon on this very important matter of the sales tax imposed on municipalities.

Our municipalities are faced with enormous problems. In most cities and towns municipalities are requested to increase the various services and I think it is absolutely illogical for the federal government to impose that tax on purchases paid for out of funds derived from property owners.

All of which means that our taxation system in Canada should be revised, so as to put an end to the discussion that has been going on for several years regarding the delimitation of the various taxation powers and give back to our three levels of government the sources of revenue they need for their administration. In my opinion the time is ripe, more than ever before, for the federal government to abandon its centralizing policy and convene, as soon as possible, a federal-provincial conference where the whole taxation problem could be settled once and for all from the federal, provincial and municipal aspects, so as to alleviate the burden of small property owners and encourage Canadians, and more particularly our young people, to become home owners and thus ensure the prosperity of Canada, a country where real estate is one of the mainstays.

Mr. Lesage: Mr. Speaker, I want to say a few words only on a particular point. The hon. member for Three Rivers (Mr. Balcer) stated this afternoon that the municipalities of the province of Quebec are the most seriously affected by the federal sales tax on their purchases.

The hon. member for Three Rivers gave no reason to justify such a statement. However, Mr. Speaker, I wish to point out to this house one reason that I found myself, and it is that, in the province of Quebec, both municipalities and school boards must pay the provincial sales tax.

As all the hon. members know, I am sure, the people of Quebec pay a provincial sales tax. Well then, neither the municipalities nor the school boards of the province of Quebec are exempted from this provincial sales tax on their purchases. If the hon. member for Three Rivers is right when he says that it is not logical for the federal government to

impose a sales tax on purchases made by municipalities, it is much more illogical for a mother to impose a sales tax on her own children.

(Text):

Mr. Speaker: Before putting the question I will hear any hon. members who would like to speak to the point of order.

I might say that this afternoon I raised the point of order because, in the first place, I questioned whether the amendment was relevant to the bill. There is also another point that strikes me, and that is whether the amendment does not attach conditions to the passing of second reading of the bill.

The amendment reads:

That Bill No. 225 be not now read the second time but that it be resolved that in the opinion of this house consideration should be given to the introduction of legislation which would provide for the exemption of all municipal councils and school boards from the payment of excise taxes . . .

et cetera. It occurs to me that either the amendment is a negative of the motion for second reading and sets forth a different proposal not contemplated in the bill or it attaches conditions to the second reading of the bill. I am prepared to make my ruling or to hear hon. members if they would like to speak to the question of whether or not the motion is in order.

In my opinion the amendment is out of order for the reason that it is either a negative of the motion for the second reading of the bill and sets forth a different proposal not contemplated in the bill, or it approves the second reading of the bill with certain conditions attached. The latter part is without doubt irregular and, for the reasons which I have mentioned, I rule the amendment out of order.

Mr. Macdonnell (Greenwood): Mr. Speaker, as I understand it one of your reasons, if not the chief reason, for ruling the amendment out of order is the last part of the amendment. I propose now to move an amendment which will be free from that difficulty and which I hope Your Honour will find satisfactory. I move, seconded by the hon. member for Vancouver-Quadra (Mr. Green):

That Bill No. 225 be not now read the second time but that it be resolved that in the opinion of this house consideration should be given to the introduction of legislation which would provide for the exemption of all municipal councils and school boards from the payment of excise taxes, including the 10 per cent sales tax, on all their purchases of machinery and other equipment.

I want to make a few brief comments, Mr. Speaker. I noted particularly that the Minister of Finance (Mr. Abbott) said he did not think it was desirable for the federal treasury to take direct action in respect of the financial position of the municipalities. I think I understand the point he has in mind. But the point he is discussing there is the taking of action in the sense of meddling or interfering with the finances of the municipality. This seems to me to be an entirely different matter. This proposal is merely to relieve them. It is not a question of interfering, except the kind of interference that we all like very much when it happens.

One thing the Leader of the Opposition (Mr. Drew) said this afternoon which I think it relevant to repeat, and which I should like to stress for a moment, is the position with regard to education. The federal government has dealt generously with education at the top level, and has given great relief to many of the universities who are in great need of it. But at the lower end of the scale we all know the accumulating difficulties which are facing school boards, and the tremendous rise in the cost of education.

Whether or not we should make education such an expensive thing I shall not pause to discuss now. We have done it. It is a tremendous problem for the municipalities, and I am thinking particularly of the school boards. For that reason it seems to me that the relief which is here proposed is something which would be of great benefit to the community. We, of course, in this party have advocated a general lowering of the sales tax for reasons which I do not need to repeat. I suggest that this is a particular area in which relief might be given which would pay off thirty, sixty or one hundredfold in respect of the assistance which would be given to hard-pressed municipalities and perhaps to still harder-pressed school boards.

Mr. Green: When I spoke on the budget debate, Mr. Speaker, I pointed out to the minister and the house that in the building of the Granville street bridge the city of Vancouver is paying to the dominion government between $500,000 and $600,000 by way of sales tax on the materials going into that bridge. One has only to compare that fact with the fact that if an individual were building a $16·5 million office building in Vancouver most of the material going into that building would be free of sales tax. That is because of the exemption contained in that portion of schedule III to the act which concerns the group of materials which are described as "certain building materials". One of those items is structural steel to be used exclusively for the framework and support of buildings. This exemption would apply, therefore, in the case of a building but does not apply in the case of structural steel used for a bridge.

I do not know how that situation can best be remedied, whether it should be done by a change in the schedule to the act or whether there should be some exemption for municipalities written into the body of the Excise Tax Act. However, I wish to point out to the minister that that is a very unfair situation.

The money which is being paid by the city in sales tax on the materials used in the bridge is raised largely by levies on the homes of the residents in that city. It is sufficiently onerous for them to have to build the bridge without adding another $500,000 or $600,000 by way of sales tax.

I realize that the situation is a difficult one. It is not as simple as it looks on the surface, but I do urge upon the minister that some steps be taken at this session to relieve the municipalities from the need of paying sales tax on such expenditures as for the materials for a bridge or public works within their own boundaries. I do not think a very good case could be made out for making home owners pay a sales tax under those conditions.

Mr. Speaker: The amendment which has been moved by the hon. member for Greenwood (Mr. Macdonnell) is, as he has said, in one respect different from the amendment which was previously moved. I ruled that the previous amendment was out of order, and one of the reasons for so doing was that the latter part of the amendment which has been omitted from the present amendment was not in accordance with our rules. In making my ruling I mentioned other reasons which also apply to this amendment. The amendment is either a negative of the motion for second reading and the substitution of a proposal not contemplated in the bill or it attaches a condition to the second reading of the bill. The condition is that further consideration be given to another matter which would have to come into the house by way of legislation. If it could come into the house by way of amendment to the bill in committee, then obviously the amendment should take place in committee and not in the house.

At page 498 of Beauchesne's third edition there is a ruling by Mr. Speaker Black with respect to a similar motion. At that time a bill was before the house for second reading, and the amendment was that all the words after "that" in the main motion be struck out and the following substituted therefor, that in the opinion of this house further consideration should be given to a certain matter referred to in the amendment. Mr. Speaker Black ruled the amendment out of order for several reasons, one of which was that the amendment attached conditions to the second reading of the bill in that it called for further consideration of the matter set forth in the amendment before the bill could be given second reading.

Toward the end of citation 662 of Beauchesne's third edition, I find that such an amendment must not attach a condition to the second reading of the bill.

For the reasons I have given I must rule that this amendment also is out of order.

Mr. Drew: Are you not prepared to hear any comment on this before making a ruling?

Mr. Speaker: I did not know that any hon. members wanted to comment upon the question of whether or not the amendment was in order. I asked for views on the previous amendment and no one responded, but I shall be glad to hear the Leader of the Opposition if he desires to speak.

Mr. Drew: My point, Mr. Speaker, relates to the fact that there was a discussion in regard to the original amendment which was proposed. The present amendment is different in the fact that there is no extraneous comment other than the direct request that the bill be not now read a second time, but that consideration be given to legislation which would add to those exemptions already included the exemption in regard to excise taxes, including the sales tax.

That is the effect of the amendment as now proposed. I would point out that this is in fact the only form and the only time that presents itself to make a proposal of this nature. We now have before us the Excise Tax Act. Undoubtedly to achieve the result that is desired it would be necessary for the government to consider the form in which the amendments would be made. The intention of such a motion as this is to give the government the opportunity to consider a proposal that certain changes be made in the act to widen the exemptions which are provided.

As I mentioned in discussing the earlier amendment before us, this act does set out in schedule III a number of exemptions. Our contention is that these exemptions should be widened to include the exemptions I have mentioned. This cannot be achieved simply by moving that these particular exemptions be added to the exemptions included in schedule III, because it would in fact require a reconsideration of the form of the act and additional provisions which would deal with this additional form of exemption. Nevertheless the principle is precisely the same as that now contained in the act.

Mr. Speaker: Could the amendment not be made in committee?

Mr. Drew: I do not believe that it is possible to deal with an amendment of this kind satisfactorily in committee. Perhaps Your Honour will recall this very subject came up for discussion on March 27, 1950, at a time when a motion was moved in connection with the Agricultural Prices Support Act, and the following motion was presented by way of amendment:

That Bill No. 16 be not now read a second time but that it be resolved that in the opinion of this house consideration should be given to the introduction of a permanent agricultural products export act which would provide for the setting up of an export board, to fill present contracts, negotiate future contracts, and develop new markets abroad for surplus agricultural products.

On that occasion the very same question was raised as to whether this could not be dealt with in committee, but it was considered at that time that the more satisfactory way was to have a reconsideration of the measure as a whole; because while the principle was similar to that already contained in the bill before the house, it would require a general reconsideration in order to produce a satisfactory result. On that occasion Your Honour upheld the contention that the motion should stand, and the amendment was in fact then put to a vote in the house in the form in which I have just read it.

I could read a number of other motions of a similar kind and in similar form which have recognized that it is essential that there be reconsideration of an act where the principle is similar, but where undoubtedly there would be a number of amendments in which obviously the government's discretion must guide the form those amendments would take.

Mr. Abbott: Mr. Speaker, if I may add a word; as my hon. friend has pointed out, the purpose of his amendment is that the government should give consideration to amending this act to provide that exemption should be given to municipalities from sales tax imposed on them. I indicated this afternoon that the government had given careful consideration to that question and had decided that it could not make such a recommendation to the house.

As my hon. friend has quite properly pointed out, such a recommendation could only be made by a member of the government, since it affects the revenue. The hon. gentleman and his supporters have had the opportunity to demonstrate that they are the champions of the municipalities at any rate for—

[Mr. Drew.]

Mr. Drew: I am glad the minister recognizes that.

Mr. Abbott: —at any rate for the purpose of this debate, and I suggest for the reasons that Your Honour has already given that the motion is out of order.

Mr. Speaker: The Leader of the Opposition has referred to a previous ruling that I made. I think at that time, as he stated, it was proposed to introduce a new bill rather than an amendment to the present act. The present amendment does not propose that the bill before the house should take the form of a new act; it proposes that the bill be not now read a second time, but that the government should give consideration to another matter set forth in the amendment. In my opinion that is equivalent to a negative or to attaching a condition to the second reading of the bill, and for that reason and for the reasons I stated previously I cannot allow the amendment to stand, but must rule it out of order.

Mr. Drew: Mr. Speaker, in view of the previous ruling, and in view of my understanding of what that ruling was, with deference I feel I cannot agree to accept this ruling and I therefore appeal from it.

Mr. Speaker: Those in favour of sustaining the Speaker's ruling will please say yea.

Some hon. Members: Yea.

Mr. Speaker: Those against it will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the yeas have it.

And more than five members having risen:

Mr. Speaker: Call in the members.

And the members having been called in:

Mr. Speaker put the question as follows:

On the motion for second reading of the bill respecting the excise tax, Mr. Macdonnell (Greenwood) moved an amendment which I ruled out of order on the grounds that it was a negative with an alternative proposal or that the amendment attached conditions to the motion for second reading or that it anticipated the committee stage.

From my ruling Mr. Drew and others appealed.

The house divided on the question: Shall the Speaker's decision be sustained? And the decision of the chair was sustained on the following division:

YEAS

Messrs:

Abbott	Beaudoin
Anderson	Benidickson
Applewhaite	Bennett
Ashbourne	Black (Chateauguay-Huntingdon-Laprairie)
Balcom	

Blue	Lafontaine
Bonnier	Lapointe
Boucher	Leduc
Bourget	Lefrancois
Bourque	Lesage
Bradette	Little
Bradley	Macdonald (Edmonton East)
Breton	MacDougall
Brisson	MacKenzie
Brown (Essex West)	MacNaught
Cameron	Macnaughton
Campney	McCulloch
Cardin	McCusker
Carroll	McIlraith
Carter	McIvor
Cauchon	McLean (Huron-Perth)
Cavers	McMillan
Chevrier	McWilliam
Cloutier	Major
Corry	Masse
Cote (St. Jean-Iberville-Napierville)	Monette
Darroch	Mott
Deslieres	Murray (Oxford)
Dumas	Mutch
Dupuis	Nadon
Eudes	Pouliot
Eyre	Proudfoot
Ferrie	Prudham
Fournier (Hull)	Ratelle
Fournier (Maisonneuve-Rosemont)	Richard (St. Maurice-Lafleche)
Fulford	Roberge
Garland	Robinson
Gauthier (Lake St. John)	Rochefort
Gauthier (Portneuf)	Rooney
Gauthier (Sudbury)	St. Laurent
George	Simmons
Gibson	Smith (Moose Mountain)
Gingras	Smith (Queens-Shelburne)
Gingues	Smith (York North)
Gour (Russell)	Stick
Harrison	Stuart (Charlotte)
Healy	Tremblay
Hellyer	Ward
Henry	Weir
Hosking	Welbourn
Howe	Whiteside
Huffman	Winters
Hunter	Wood—108.
James	
Jutras	
Kirk (Antigonish-Guysborough)	

NAYS

Messrs:

Adamson	Fleming
Balcer	Fraser
Beyerstein	Gagnon
Black (Cumberland)	Gillis
Blackmore	Graydon
Blair	Green
Brooks	Hansell
Browne (St. John's West)	Harkness
Bryce	Hees
Cardiff	Herridge
Casselman	Higgins
Catherwood	Hodgson
Charlton	Johnston
Churchill	Jones
Coldwell	Knight
Courtemanche	Knowles
Coyle	Macdonnell (Greenwood)
Drew	MacInnis
Fair	MacLean (Queens)
Fairclough, Mrs.	McLure
Ferguson	Meeker
Montgomery	Robichaud
Nickle	Shaw
Noseworthy	Starr
Pearkes	Thomas—51.
Poulin	

Mr. White (Middlesex East): Mr. Speaker, I was paired with the hon. member for Middlesex West (Mr. McCubbin). Had I voted, I would have voted against your ruling.

Mr. Gardiner: Mr. Speaker, I was paired with the hon. member for Souris (Mr. Ross). Had I voted, I would have voted in favour of your ruling.

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

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, we have been considering this afternoon the toll taken of the hard-pressed municipalities by the federal government in the form of sales and excise taxes. We have been considering the extent to which these exactions impose upon the municipalities burdens which it is grossly unfair that the federal government should impose. We have been considering the heavy and growing burdens that the municipalities have been called upon to bear. Indeed the weight of responsibility that has been cast upon the municipalities has been literally growing by leaps and bounds as social services have multiplied, as educational facilities have been extended, as housing burdens have been passed on to an increasingly greater degree to municipal governments.

The total incidence of these burdens has resulted in a situation where the municipalities are today literally overwhelmed. At the same time they have been called upon, apart from such assistance as has been afforded to them by the provincial governments, to function with the same limited tax base that was given to them 85 years ago, when their burdens were infinitely less than they are today. The time has long passed when there should be a fundamental review of the whole question of tax burdens and administrative responsibilities as between the different levels of government in this country.

We of the opposition have today properly pointed out how unfair it is for the federal government, when virtually asserting that with only one slight modification it shall have full exemption from taxation by the provinces and the municipalities on federal property, to impose burdens upon the municipalities in the form of taxation. If this taxation were imposed upon the municipalities by means of a direct levy, open and visible, then many people in this country, who may not be as fully aware of this problem as are those who bear responsibilities

for municipal government, would indeed be shocked. Yet just as onerous a burden is being cast upon the municipalities by the federal government today in this indirect and hidden form.

This form of indirect imposition is all the more onerous because it is levied not on the end consumer but upon the manufacturer or producer. In previous debates we have been shown how this tax levied at the manufacturing or producing level goes on attracting to itself mark-ups, and mark-ups on mark-ups, and mark-ups on mark-ups on mark-ups, as it passes from the hands of the manufacturer to the wholesaler, to the jobber, to the retailer, and finally to the consumer.

This 10 per cent sales tax levy is costing the municipalities not 10 per cent but about 20 per cent on an average. The federal government derives a benefit of 10 per cent and the rest is distributed along the line among those through whose hands the goods have passed before they eventually reach the hands of the municipalities. This form of taxation upon the municipalities is in that respect much more burdensome and more reprehensible than would be a direct tax levied upon the municipalities by the federal government.

Among all the anomalies, among all the injustices in the federal tax structure today that are simply crying out for reform there is none more pressing than the one we have been discussing here today of this iniquitous imposition by the federal government upon the municipalities.

There is one other form of imposition by way of excise and sales taxes that the federal government is levying today which I think ought to be commented upon at this stage of the proceedings. I refer to the extent to which social welfare agencies, which are doing such admirable work in all parts of this country, are being taxed by the federal government through these sales and excise taxes. This has been the subject matter of representations to the federal government, but apparently they have not been effective in winning support from the Minister of Finance (Mr. Abbott) or his associates.

Three years ago you will recall that this house did legislate limited relief for certain types of institutions of a charitable nature. By chapter 15, section 6 of the statutes of 1950 a new section 105A was added to the Excise Tax Act. The effect of that useful and commendable amendment is that institutions of the nature described in the section were permitted, where they purchased goods for their own use and not for resale, to make application to the minister for the refund of an amount equal to the tax paid. The class of institution which was permitted to enjoy this right was described in the following words:

> (a) a bona fide public institution whose principal purpose is to provide permanent or semi-permanent shelter and care for children or aged, infirm or incapacitated persons who reside in the institution; and
>
> (b) in receipt annually of aid from the government of Canada or a province for the maintenance of persons specified in paragraph (a).

It will be seen that in the amendment of 1950 parliament gave recognition, although limited, to the principle that institutions engaged in social welfare work coming within certain definitions should not be subject to the payment of federal excise or sales taxes, and that where they purchased goods subject to those taxes and paid the tax, they should be entitled to make application to the minister for a refund of an amount equivalent to the tax paid. In my submission that limited recognition of principle should be extended.

There are many welfare agencies in this country whose work on behalf of the people is simply invaluable but which do not qualify within this definition of institutions. They do not give institutional care of the kind mentioned in section 105A. Indeed, many of the social welfare agencies which are members of community chests in all our cities and larger communities in Canada are without any status under this section and are being subjected to federal taxation. It would shock the conscience of many people, Mr. Speaker, were they aware of this fact, to know that the federal government is taxing charitable organizations engaged in social welfare work. You go to the average citizen in the street and tell him that the federal government is imposing federal taxes upon social welfare agencies engaged in purely altruistic work and you will, in my belief, shock his conscience. The fact of the matter is that this is going on year after year right under our noses; and notwithstanding that representations based upon very solid considerations have been submitted to the government, the government so far has turned a deaf ear.

May I remind the house that these groups which do not enjoy any of this benefit today are very large and important ones. Take all the welfare agencies, for instance, that are engaged in the prevention of individual and family breakdowns, that are engaged in work that saves the public treasury at all levels of government a great deal of money. Among the various classes of welfare agencies that do not qualify under the definition are

many children's aid societies, family welfare bureaux, visiting nurse associations, community chests and welfare councils.

How extensive is the problem, Mr. Speaker? The Canadian welfare council recently conducted an inquiry, and they obtained returns from community chest and welfare associations throughout the country. Based upon that investigation they came to the conclusion that in the year past these welfare agencies purchased goods which were subject to sales tax—I am eliminating entirely all goods that were purchased free of sales tax—to the value of $2,149,000. They also estimated that the sales tax cost them approximately $506,000; and here we have to take account of the fact that mark-ups were included on many of these goods as they passed from hand to hand before they eventually reached the consumer, in this case the welfare agencies.

Perhaps it is just a little unfortunate that this tax does not take the form of a direct, open, visible levy by the federal government on these welfare agencies. Then the public would become aware of the iniquity of the federal imposition of taxes upon social welfare agencies. But again the problem is in the same position entirely as the federal imposition of tax upon municipalities. It is hidden, it is indirect, and the public is not aware of the extent or nature, or indeed of the fact, of these impositions.

I appreciate that there are administrative difficulties involved. I am not saying the problem can be reduced to such simple proportions that, by the mere changing of a word or two in the act, the end result which is so desirable can be brought about. But I am satisfied that if the intelligence and ingenuity of the government and its advisers were applied to the problem, with a recognition of the fact that it is fundamentally wrong that the federal government should tax welfare agencies, the problem could be resolved in a very short space of time. I appeal to the Minister of Finance (Mr. Abbott). I know the problem is not new to him. I know that mine is by no means the first appeal that has been made to him.

Mr. Abbott: It was being made back in Mr. Bennett's day.

Mr. Fleming: I do not recall when the first appeal was made in the house, but I urge the minister to undertake a study of the problem with a much more favourable approach to it than he has demonstrated in the past. I am informed that he has had extensive briefs on the subject, and I have no doubt that he has studied them. I have no doubt also that he has been concerned about what may be regarded as certain administrative problems that this question involves.

Mr. Abbott: That is a euphemistic way of putting it—yes.

Mr. Fleming: But I am satisfied that if the minister will apply to this problem the same ingenuity that he has applied to some other questions, and will follow the methods by which he has endeavoured to treat certain other problems, this problem is by no means impossible of solution. We have had a recognition of the principle in section 105A. To that extent the federal government and parliament have recognized that it is fundamentally wrong—I go further and say that it is iniquitous—that the federal government should be taxing social welfare agencies engaged in purely philanthropic work. I urge with all the earnestness at my command that the government take this problem in hand, and that without further delay the Minister of Finance undertake the redress of a situation which, in my humble opinion, if brought home to the man in the street would shock his conscience to its foundations.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, I should like to say a word with respect to this matter because, while the hon. member for Winnipeg North Centre (Mr. Knowles) expressed our view very well and very forcibly and made a plea to the minister for the removal of this tax from municipalities and social welfare agencies, I want to say something about the tax itself. As has already been said, when the 10 per cent tax, 2 per cent of which we of course understand now goes for social security, reaches the ultimate consumer it has been pyramided to 15 per cent, 16 per cent or even—

Mr. Abbott: I do not think experience justifies that, but it is a matter of assertion on both sides. My information is that is not the case.

Mr. Coldwell: Suppose we leave it that the tax is pyramided, without mentioning any figures.

Mr. Abbott: I am not even prepared to concede that, but my hon. friend can make his argument.

Mr. Coldwell: The minister will not disagree with that, so we will leave out the figures. In that sense it is a tax imposed by the federal government which, when it is finally paid, involves an imposition greater than the tax, whatever the extent may be; and I am not going to argue about that.

Mr. Abbott: In a highly competitive business it is pretty modest.

Mr. Coldwell: To that extent I say the tax is bad in any event.

Mr. Abbott: That is true of corporate income tax, too; any indirect tax; customs duties.

Mr. Fleming: If levied at the manufacturer's level.

Mr. Abbott: That is where the corporation tax is levied in most cases.

Mr. Coldwell: As a rule an indirect tax of this description is pyramided. If it is the corporation tax and the corporation levies it upon the public then by the time the public pays it, it is probably more than the tax imposed by the government. There is no disagreement between the minister and ourselves that a tax of this description, when paid by the consumer, is usually higher than the amount imposed by the government.

Mr. Abbott: Not necessarily.

Mr. Coldwell: I said "usually". I qualified it. I said "usually" and the minister says "not necessarily". I think we mean the same thing in that respect. What I say is that when this was first imposed the public of Canada regarded it as a tax that was not a good tax. Indeed, when my hon. friends in the Liberal party left office in 1930, as I remember it there was a 1 per cent sales tax. Then the Progressive Conservatives came into power.

Mr. Knowles: The Liberal Conservatives.

Mr. Coldwell: Well, the Conservatives came into power and they increased the tax to 4 per cent.

Mr. Macdonnell (Greenwood): Oh?

Mr. Coldwell: And what did the Liberal opposition say of it at that time?

Mr. Fraser: They raised Cain.

Mr. Coldwell: I did not say that, but I think that is a very adequate way of putting it.

Mr. Fleming: Mr. King said it was "iniquitous".

Mr. Coldwell: The great Canadian who subsequently became minister of finance, Hon. J. L. Ralston, opposed it strenuously. On June 4, 1931, speaking in this house and protesting the increase from 1 per cent to 4 per cent, Mr. Ralston said this:

> It is the ordinary, everyday consumers, the men and women who are hard put to make ends meet—

That was at that time, of course.

> —men who are out of work, who are now called upon to pay the extra amount in connection with the sales tax.

They are the ones who are the hardest hit. There were many out of work at that time and, of course, there are some people out of work now. There are people living on old age pensions and there are people who are maintaining homes on small wages and incomes. The sales tax reaches right into the homes of our people. It applies on articles of clothing, furniture, and a long list that I am not going to put on the record because it has been put on the record before; but there is a long list of essential commodities of life which are subject to this sales tax. As I say, there was never a truer indictment of this tax than was made on June 4, 1931, by the Hon. J. L. Ralston when he was speaking on behalf of the Liberal party in this house.

Then I remember the election of 1935; I was a candidate, and I was elected at that time. I remember that the Liberal candidates across the country paid particular attention to the sales tax. I remember too a broadcast made by the leader of the opposition of the day in which he criticized the sales tax. We thought, although we were never quite sure what the then leader of the Liberal party meant when he spoke, that if they were elected they were going to do away with that sales tax. Instead of that they raised it to 6 per cent; and then it was raised to 8 per cent.

Mr. Abbott: It was raised to 6 per cent by the Tories.

Mr. Coldwell: Yes, shortly before they went out of office; and raised to 8 per cent by the Liberals.

Mr. Abbott: And it stood there for 15 years.

Mr. Coldwell: It stood there for years until you increased it to 10 per cent.

Mr. Abbott: For social security.

Mr. Coldwell: Of course 2 per cent is taken now for social security.

Mr. Abbott: That is right.

Mr. Coldwell: For whatever purpose the tax is used, it is not a good tax. It is a regressive tax.

I personally believe that the sales tax is one of the poorest forms of taxation that we have. It is a hidden tax which people do not know they are paying; and a tax which is levied on many of the essential commodities of life at a time when the cost of living is high. It is oppressive on many families and on pensioners with small incomes. This tax takes from them a very great deal in their contributions to Canada.

It might be said that everyone should pay taxes. Well, I will not disagree with that statement except to say that if people pay taxes they should at least know they are paying them and know what they are paying in the form of taxation. Therefore I want to

support what my hon. friend from Winnipeg North Centre (Mr. Knowles) had to say on our behalf this afternoon, and to appeal to the minister to consider the representations that have been made (a) to remove the tax from municipalities and (b) to remove the tax from these social and welfare organizations.

As far as municipalities are concerned today their burdens are heavy, and one of the great burdens, of course, is the burden of education. The government refuses to make grants to the provinces for the purpose of education, and I think an attempt at least should be made to relieve the burden on municipalities in connection with this tax.

Mr. Speaker, I just want to make that appeal to the minister for a reconsideration of the proposals he has made to this house in this regard.

Mr. J. W. Noseworthy (York South): Mr. Speaker, I want to support those who have been urging the exemption of municipalities from the sales tax on municipal purchases. I am not as sure as some of the members are that the minister will not listen to this appeal. In his budget the minister has shown some interest in the municipalities. In his revision of the income tax he has at least brought the municipalities in line with provincial governments and with the federal government in the matter of elected representatives and has made provision whereby their expenses may be deducted for income tax purposes. That would seem to indicate that the minister is showing some concern for the municipalities, and I think it is not an impossibility that even at this hour the minister may consider the justness of the appeal that has been made at the present time.

The minister has been quite concerned over the question of double taxation for corporations. I wonder if he has taken into consideration the extent to which this sales tax, levied upon municipal purchases, is a double tax in so far as property taxpayers within the municipality are concerned. The sales tax is collected on municipal purchases, and the home owners are the people who pay municipal taxes. They are also the people who pay these indirect taxes, just as every other Canadian pays them.

In addition to the sales tax which the ordinary home owner in the city pays together with every other Canadian citizen, he pays an extra sales tax when he has to support the municipal government, because the municipal government has to raise money with which to reimburse the federal government for the sales tax. There is a phase of double taxation.

Mr. Abbott: It is not double taxation at all; it is just the opposite.

Mr. Noseworthy: It is just as clear a case of double taxation as it is in the case of corporations, with which the minister is very much concerned. I know the minister does not see it that way; but the home owner in the city, who bears municipal taxes, pays his ordinary sales taxes to the federal government the same as the rest of us do. In addition he pays, through his real estate tax and through taxes on his home, an additional sales tax to the government because the municipality has to pay taxes on its municipal purchases.

There is another point I would like to call to the minister's attention. While our municipalities are creatures of the province, and while the minister may say that it is the business of the provincial governments to bring relief to the municipalities, the cost of municipal government today is in no small measure due to federal government policies. Municipal taxes have increased within recent years because of inflation, and inflation is the direct result of the policy pursued by this government. The government could, had it desired, have checked inflation after the war just as it checked inflation during the war years. It chose to let inflation run, probably not wild but wild to some extent at least. It was the government's deliberate policy to take off all controls, so the government must bear some responsibility for inflation which has brought an extra burden to bear upon the home owners who pay taxes within the municipalities.

Then the increased industrialization, from which the federal government has obtained great benefit and for which the federal government takes credit, has affected the urban municipalities, and particularly the urban population. Within the ten years since the previous census was taken the urban population increased about 24 per cent. This influx is due directly to industrialization, for which as I said the government takes great credit and from which the government derives great benefit by way of taxes. This industrialization has thrown an extra burden upon the municipalities. As a result also of the government's immigration policy there has been a further influx of population into our urban centres. The government brings thousands of people into this country, presumably as agricultural workers, and they are supposed to stay on the farms. Before they are in this country more than a few months we find them back in the cities. I say that on each of these counts the federal government should, in my opinion, assume some responsibility for the extra

burden which in recent years has been thrust upon the municipalities.

It is true that the exemption of purchases by municipalities from the sales tax will reduce federal revenues. It should be much easier, though, for the federal government to make up the difference than it is for the municipalities to bear the extra burden which inflation, and in the case of urban centres immigration, has thrown upon them.

Today we have a serious housing situation in the urban centres. One of the greatest difficulties confronted in the building of homes is that people cannot afford to build even moderately priced homes because of the increased taxation which education by itself will throw upon the municipality. This government is unwilling to bear any share of the cost of education at the elementary or secondary school level. Here is an opportunity, by following the precedent the minister set in the matter of elected employees of the municipalities and their income, for the government to bring some relief to the municipalities by exempting them from these taxes.

I am quite sure that the Canadian people as a whole, even though they might be called upon to bear the same amount of over-all taxes were such exemptions granted, would rather see the federal government grant those exemptions and make up the resultant loss in revenue by other means at the disposal of the federal government. They do not wish to continue to impose this burden upon the home owners of this country.

Mr. F. D. Shaw (Red Deer): Mr. Speaker, my colleagues and I have, upon many occasions, registered our opposition to hidden taxes. We have had very definite reasons for doing that, and I need not take very long in order to recount some of those reasons.

In the first place we have condemned hidden taxes, the sales tax and excise tax, inasmuch as they do not in any sense bear a relationship to ability to pay. The poorest person in the land finds the cost of many of his essentials inflated purely as a consequence of hidden taxes. We have condemned these taxes because of what was so well stated by the hon. member for Rosetown-Biggar (Mr. Coldwell), namely that you find yourself paying taxes upon taxes—in my opinion a bad principle, a dangerous procedure. We have condemned these taxes because of the fact that they are an extremely important factor in causing inflation, in causing prices even today to remain at extremely high levels. Because of these hidden taxes, many of the things which should properly be in the category of necessities have now become luxuries. In fact it was only a short while ago that I read this. The question was asked, what is a luxury? The answer was, a luxury is a necessity plus Abbott's taxes. I think that in some respects there is a lot of truth to that assertion.

I was rather astounded to read only today that in 1952 the wages paid in the automobile industry approximated $131 million, but that sales and excise taxes exceeded that amount by almost $6·5 million. To me that was a most astonishing revelation, provided, of course, that the figures are correct; and I have no reason for assuming that they are not. In other words when people talk so glibly about high wages being such an important part of the high cost of motor vehicles, they should bear in mind that approximately $137 million in taxes was taken out of that industry or charged to the purchasers of motor vehicles in the year 1952. There is one matter about which I desire further information. I understand it is customary for the motor manufacturers to have suppliers of parts for these vehicles. Are sales and excise taxes paid on the parts that go into the automobile, and then is sales tax imposed upon the final product? In that case it would mean the imposition of a double sales tax.

I think I know, Mr. Speaker, why certain governments cling so tenaciously to that hidden tax. They are less likely to be blamed for what they are actually doing. All too frequently a purchaser will blame the retailer for the high price which is made up in a substantial part of hidden taxes, or he will blame the wholesaler or the manufacturer and say that they are responsible for the higher prices. Governments resist removing these hidden taxes.

For these and other reasons we again take very strong exception to these hidden taxes. When speaking in the house on March 2, I believe it was, I raised the question of the taxes which are imposed upon municipal purchases. It is rather an interesting thing, Mr. Speaker. There was a time when the opposition of the Minister of Finance to making this concession was the necessity for revenue. That argument was laboured, and possibly at the time it was laboured it was a rather difficult one to counter by one's argument then. Of course that argument has lost much of its validity and we are now faced with the argument that it would be extremely difficult to administer. It has been pointed out, for example, that in the United States it is being done. Concessions are made to the states by the national government as far as state purchases are concerned. There

has been no insurmountable obstacle facing them as far as administration is concerned.

Now that argument has become less valid, so the minister labours the fact that he does not believe we should reach down and deal with creatures of the provincial governments. They may be creatures of the provincial governments but they are also definitely victims of the federal government, because after all federal government policy has its repercussions even in the municipalities.

One need not labour the problems with which the municipalities are confronted. We recognize fully that right across this country the provincial governments have been going farther and farther in their attempts to relieve the burden borne by the municipalities, and they have been doing a good deal in many instances in helping to remove that burden. But certainly one of the most effective ways of helping them through their difficulties would be by the federal government doing for the municipal governments what they now do for the provincial governments. As I pointed out before, the municipal government is a legislative body exercising authority granted to it under the municipal act, and in its sphere carrying on a public service in the same way that the provincial government carries it on in the wider sphere, and in the same way that the federal government carries on its responsibilities within its sphere of jurisdiction.

One could take more time, but my purpose is not just to take time. On behalf of my colleagues I again wish to register strenuous objection to these hidden taxes. Certain of them should be removed completely and others should be reduced. We also go on record as urging the federal government to give careful consideration to these requests of the municipal governments that the sales and excise taxes be removed on the commodities they purchase.

Mr. Angus MacInnis (Vancouver East): I will not detain the house very long, and I am not going to attack the minister, either. I rarely speak on taxation in this house; but first of all I do not feel that people in my particular circumstances are overtaxed, and I have never felt that they were. I also realize that a taxation policy that will satisfy everyone is a pretty difficult thing to achieve. I did say something on this subject when I spoke in the budget debate. On that occasion I made a slight mistake because I said I thought that in the aggregate this tax was not a very large factor in the total financial set-up of the municipalities. Since then I have had evidence put before me from my own city of Vancouver to indicate that I was not quite right when I said that. All I wish to say is that to me it does not seem right that one level of government should impose taxes that bear heavily upon another level of government.

If there are any of our governments, municipal, provincial or federal, that are having difficulties in financing the needs of the particular areas they govern it is the municipal governments. The proof of that fact is that while the federal government for the past eight or nine years has reduced our national debt every year, hardly a municipal government in Canada has not gone still further in debt during that same period. They cannot continue going into debt. There will come a time when they will not be able to meet their obligations, and then nothing will be left to be done but for the provinces to set up commissions, as they did in many municipalities during the depression, and try to carry on in that way.

Therefore without blaming the minister at all for many of the things that have happened, for inflation and all that sort of thing, over which this government may have some control but which in some respects at least is a part of the world-wide condition over which no government has complete control, I suggest to the minister that he reconsider this matter. I would be one of the first to agree that there are many things this government could have done but did not do, but I do not think this is the time to mention them. However, I do tell the Minister of Finance that at the present time the municipal governments need some sort of relief, and anything the federal government can do—and this is one thing they could do, even though it may be a little difficult to administer—would be of considerable help.

Every new settler that moves into a municipal area creates a burden on that area far greater than the amount of taxes that family contributes to the municipal exchequer, and the cities and municipalities have been growing exceedingly rapidly during the last few years. It is one of the results of our prosperity, but that prosperity does not extend to the finances of the municipalities. I repeat, if anyone wants to know which of our governments is finding difficulty in financing all he has to do is to note that during the past eight or nine years the federal government has been able to reduce its debt while at the same time the municipal governments in Canada have had their debts increased. Something will have to be done and done quickly for these municipalities.

Some things could be done for them here, and I urge the Minister of Finance not to be too definite in his refusal to do something,

because sooner or later he will have to change his mind.

Hon. Douglas Abbott (Minister of Finance): Mr. Speaker—

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

Mr. Abbott: Mr. Speaker, I want to take only a very few minutes. This afternoon I gave, rather too briefly perhaps, the reasons which actuated the government in feeling that it could not recommend for the municipalities an exemption from the imposition of the sales tax. My friend the hon. member for York South (Mr. Noseworthy) suggested this evening that this was in fact imposing a double tax. Of course that is not the case. I tried to point out this afternoon that I could see no reason why, in a tax which is payable by individuals on the purchase of commodities, they should be relieved of that tax because they are purchased through a corporation, in this case a municipal corporation. In fact, if municipalities were exempt from the payment of this sales tax it would be necessary to make up the revenue somewhere else, and it would have to be done by increasing some tax or increasing the rate of tax and imposing it on people who are in fact the same people because everybody resides in a municipality. I say that because, of course, it is not in fact a double tax.

I know there has been a great deal of talk about the sales tax. This debate this evening has almost developed into our annual debate on the evils of the sales tax. I have dealt with that matter before. I have endeavoured to show that, with the wide list of exemptions—in the case of the small income man nearly two-thirds of his purchases being exempt from the sales tax—this is not a regressive tax. We get from the tax, or I estimate that we shall get from the sales tax this year, about $590 million. If that revenue is to be forgone, we must get it somewhere else. We could get it by increasing the personal income tax on the average by about 50 per cent; and I know that would be an extremely popular method with my friend the hon. member for Peterborough West (Mr. Fraser) who is a strong opponent of the sales tax. We could get it perhaps by increasing the corporation tax further. But let me hasten to say here, to those who oppose hidden taxes, that the corporation tax is today our greatest hidden tax and produces substantially more than the sales tax produces.

I know that it is the job of people in the opposition to oppose taxes. My friend the hon. member for Rosetown-Biggar (Mr. Coldwell) cited Mr. Ralston's denunciation of the sales tax in 1931. I venture to say that if he were sitting on your right hand, Mr. Speaker, or if my friend the hon. member for Greenwood (Mr. Macdonnell) were sitting on your right hand, he would be defending the sales tax just exactly as I am doing this evening. In my opinion—and I have said this before—with the steeply progressive personal income tax that we have and with the heavy corporation taxes that we have, the general sales tax with the list of exemptions which we have now developed is a perfectly fair and equitable tax.

Reference was made to 1935. My recollection is that in 1935 we obtained 23 per cent of our revenues from direct taxes and 77 per cent from indirect taxes and in other ways. This year we estimate that we shall obtain 57·5 per cent or thereabouts of our revenues from direct taxes and about 33 or 34 per cent from indirect taxes. I therefore think it is fair to say that there has been a recasting of our tax structure which has made it, in my judgment, much more equitable than was the tax structure which existed ten or fifteen years ago.

We have much heavier obligations. Nearly 25 per cent of our total budget goes in the form of social security payments of one sort and another to our people. Those are transfer payments, and the moneys have to be raised by taxation. As I say, anyone who occupies the position that I occupy and who forgoes revenue from the sales tax must get that revenue from somewhere else. I have heard no suggestions made in this house that the rate of personal income tax was too low, or that the rate of corporation tax was too low, or that the special excise tax rate was too low, or that the rate of tax on cigarettes was too low, or even that the rate of tax on liquor was too low. So let us face the fact that if we are going to remove some of these taxes we have to be prepared to put them on somewhere else.

I do not like to do unpleasant things any more than anybody else. I should be exceedingly happy personally to accede to this widespread demand and request that the municipalities should be exempt from the sales tax. But as I pointed out this afternoon, that would involve a very substantial loss of revenue which would have to be made up somewhere else. It would involve serious administrative difficulties, and I am using a euphemism when I say that. It would involve serious administrative difficulties to see that it was fully and fairly administered over the approximately four thousand municipalities in Canada. In my judgment one of the tests of a good tax is that it should be fully, thoroughly and efficiently administered. So

far as I am concerned I came to the conclusion, after most careful consideration, that it would not be appropriate that this exemption should be made.

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

Mr. Drew: Mr. Speaker, may I simply say—

Mr. Abbott: The debate is closed. I closed the debate.

Mr. Deputy Speaker: May I point out—

Mr. Drew: I was simply going to explain why we were not going to divide the house.

Mr. Abbott: I beg the pardon of the Leader of the Opposition (Mr. Drew). I am sorry to have interrupted.

Mr. Drew: I was going to explain that rather than divide the house, in view of the fact that a motion had already been presented, we were going to permit this motion to pass on division and would deal with the sections in committee.

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

Mr. Drew: On division.

Mr. Deputy Speaker: On division.

Motion agreed to on division, bill read the second time and the house went into committee thereon, Mr. Beaudoin in the chair.

The Chairman: Before we start the study of this bill, may I draw to the attention of hon. members the fact that this bill, like all others this session, is divided into two parts and that the second part is merely a duplication of the first part. If hon. members look at page 5 of the bill and the explanatory notes with regard to part II, they will see this language:

> This part makes corresponding amendments to the new revised statutes.

I should like to point out to hon. members that, as they know, duplication of debate is not in accordance with our rules and that this bill in effect consists only of clauses 1 to 14 inclusive. Therefore when we reach clause 15 we should be in a position to carry it and the clauses following it more quickly. As a matter of fact I would ask hon. members to agree to a certain procedure. When we reach part II, which is merely to bring the amendments in accordance with the new revised statutes, I would suggest that at that moment I stand up and say: "I take it that hon. members, having approved the original sections, approve the duplicates."

I should like to have agreement on this matter. Some hon. members, because they have seen clauses passed quickly, have said that the chairman had rushed certain clauses through when, as a matter of fact, those clauses were only duplicates of the originals which were carried only after there was opportunity for a debate. I should like agreement at this time so that it will be clear for all bills still to come and to be studied in committee. When we reach the duplicate sections, let us impose upon ourselves some self-restraint, and let us avoid duplication of debate. If that procedure is agreed upon, that is the one I will follow from now on.

On section 1—*"Net premiums"*.

Mr. Robichaud: Mr. Chairman, I should like to make a few remarks. On March 5, when I was speaking on the budget, I expressed regret that the government had not considered the time opportune to abolish the 10 per cent sales tax on wire rope or cable and on all kinds of rope or cordage of manila—

Mr. Lesage: Mr. Chairman, I rise on a point of order. The hon. member is now referring to matters which should come under section 13. As a matter of fact, following recommendations made by the fisheries council of Canada and by my hon. friend, it is intended to have an amendment moved when we reach that section. We are now dealing with section 1, which has to do with insurance.

The Chairman: Is that agreeable to the hon. member?

Mr. Robichaud: As long as I have an opportunity to say something on the section.

Mr. Lesage: I am giving the hon. member what he asked for.

Section agreed to.

Sections 2 to 8 inclusive agreed to.

On section 9—*Refunds.*

Mr. Green: This section has to do with refunds. When the resolution was under discussion I brought to the attention of the parliamentary assistant the difficulty that seems to have arisen with regard to refunds of the sales tax on furnaces. Has there been any clarification of that situation since that time? Some press dispatches indicate that firms are paying back the money and then making application to the Department of National Revenue for refund, while other firms are saying they are not to pay anything back.

It would seem to me that in most of these cases the consumer will have paid the tax. Why should there not be some provision whereby the consumer could make application

for the refund? Certainly the manufacturer must have passed on the tax to the consumer. If that money is paid back to the manufacturer without any obligation upon him to pass it on to the consumer it will merely mean that the department is subsidizing the manufacturer. I should think if anybody is entitled to a refund it is the consumer.

Mr. Lesage: I agree with the hon. member for Vancouver-Quadra, but I cannot add anything to what I said on March 19 when he raised this question. The matter of the refund of tax from the manufacturer to the wholesaler and then to the retailer and then to the consumer is something to be settled by the parties themselves. Frankly I do not believe the officers of the department can devise machinery which would work in such a way that we would be sure the refund would go to the consumer in each case.

One of the arguments in favour of this amendment was that in many instances it might be impossible for a manufacturer or wholesaler or retailer to know to whom a sale had been made. It is possible that a sale might be made on a cash basis to a passerby, and how could you reimburse him? In that case the retailer would profit.

Under this amendment the refunds will be made only to those who have paid the tax and who have applied for a refund. Under the old section it was possible for a manufacturer to claim the refund of taxes he had paid during the twelve months preceding the application of a third person who had appealed to the tariff board, in spite of the fact that the said manufacturer had never made any application to the board. Now refunds will be made following a decision of the tariff board only for the twelve months preceding the application made by each individual payer of the tax.

Mr. Green: Is there any obligation on the manufacturer to pass on the refund?

Mr. Lesage: That could be an ordinary civil obligation. I know my hon. friend is a lawyer; the consumer might claim it from the retailer, the retailer from the wholesaler, and the wholesaler from the manufacturer if the manufacturer had been reimbursed. I do not know whether there is the same rule in the common law, but under our civil code in Quebec we have a rule which is called that of "l'enrichissement sans cause". I do not know how that would be translated into English, but in effect it means that no one can enrich himself upon the rights of someone else.

Mr. Green: Has there been any procedure set up under which a consumer could apply to the department for a refund? If not, why should there not be some such procedure?

Mr. Lesage: I have not been administering the department, but I can imagine the administrative difficulties there would be if following the decision of the tariff board a consumer could make application for the refund of the tax. He would not have paid the tax in the first place.

Mr. Green: Oh, yes.

Mr. Lesage: It would have been included in the price he paid. This is not a direct tax, it is an indirect tax.

Mr. Green: That is the whole trouble.

Mr. Fleming: I should like to discuss a matter I should have dealt with under section 7. I note that the amendment involved in section 7 relates to the packaging of certain types of goods and the levying of the sales tax upon the goods and the package when they are packed by someone who has purchased them from the manufacturer in bulk to be repackaged for sale by himself. I believe this principle will have quite a limited application. It will become part of part XI of the Excise Tax Act which relates in general to automobiles, toilet articles, clocks, watches, jewelry, cigarettes and tobacco products. This section will not even cover that field fully.

This question of a tax on packaging has a wider aspect. I am told that representations have been made to the government in relation to larger articles for domestic use, such as electrical goods. I understand that it has also an important aspect in relation to competition between importers of United States manufactures, on the one hand, and Canadian manufacturers on the other.

This whole question turns on the method by which excise and sales taxes, and customs duties also for that matter, have been calculated with respect to packaging. The packaging itself has attracted a lower rate than the goods, and in the cases that have been brought to my attention I understand that the assessments have been levied separately in the case of importations, with the result that the Canadian manufacturer, who has to pay the sales tax on his article fully packaged, has been at a disadvantage.

Perhaps the parliamentary assistant could make a clarifying statement on this matter. I believe that it has been actively before the department since 1950, when an administrative ruling was introduced which changed the basis of calculation of the excise on the packaging, which ruling had been in effect,

I am told, as far as administrative practices were concerned right back to 1906.

Mr. Lesage: Is the hon. member talking about customs duties or excise tax?

Mr. Fleming: It applies to all. I am told that the ruling itself related to excise and customs combined but the problem that is presented, as I am informed, does touch on all aspects of the question of how packaging is to be treated, whether for customs or excise or sales tax purposes.

Mr. Lesage: I do not believe I can add much to the answer I gave the hon. member on that very point on March 19 when we were at the resolution stage. It is to be found at page 3114 of *Hansard*. The hon. member raised exactly the same question at that time.

Mr. Fleming: Not exactly the same question.

Mr. Lesage: At that time I said:

—when a wholesaler or distributor bought these products in bulk quantities from the manufacturer, the 15 per cent tax and the sales tax have been levied on the manufacturer's price for the bulk candy. The wholesaler could then package the merchandise for retail sale. On the other hand, if the manufacturer had packaged the goods and sold direct to the retailer, the sales tax and the 15 per cent excise tax would be based on a price which would include all the costs of packaging plus the trade mark-up.

The amendment is made so that this discrimination will not exist any more.

Mr. Fleming: I quite follow my hon. friend. I am trying to be brief about this, but as I understand it here we have the recognition of a principle that the man who purchases goods in bulk from the manufacturer and then does his own repackaging should be assimilated to the position of the manufacturer for sales tax purposes.

Mr. Lesage: That is it.

Mr. Fleming: I do not think anybody is quarrelling with the principle. I am wondering, though, about the recognition of this principle in the case I have put, which is of wider import. I am not trying to take this discussion afield. I am trying for the moment to see how recognition of the principle with respect to the packaging of candy and confectionery stacks up against the principle to which I have referred, and which has important consequences for Canadian manufacturers in relation to competition on the part of manufacturers of United States products. Take the case of refrigerators. That is a specific case in point.

Mr. Lesage: I am informed with respect to the case in point, refrigerators, that there is no excise tax. There is a sales tax which applies to refrigerators, and it is based on the duty paid value of the refrigerator when it is imported, including boxes.

Mr. Fleming: Do the wrappings not attract a different rate from the refrigerator?

Mr. Lesage: No, it is the same rate.

Section agreed to.

Section 10 agreed to.

On section 11.

Mr. Macdonnell (Greenwood): In the first place I call attention to the note with respect to clause 11. My understanding is that clause 11 really does extend the scope of the tax to some considerable extent, but I will come back to that in a moment.

Mr. Lesage: No, it does not extend it. It just divides it. There is merely a division and a clarification in order that we may know exactly what proportion of the tax comes from radio and what proportion comes from television, and that is for the purpose of statistics.

Mr. Macdonnell (Greenwood): The parliamentary assistant is repeating what is in the note on the right hand side of the page, but I think the note perhaps does not take the opposition fully into the government's confidence. What I want to point out is that so far as I can see there is an extension of the tax. The matter is well set out in a dispatch from the Winnipeg *Free Press* which confirms information that I myself got elsewhere, and I shall read this extract.

The Chairman: Order. As the hon. member knows, in committee remarks must be strictly relevant to the clause, and it is not in order to read long extracts from newspapers.

Mr. Macdonnell (Greenwood): Mr. Chairman, this extract sets out the argument which I wish to make. If you wish me to do it in my own words—

Mr. Abbott: It would be much better.

The Chairman: I cannot allow the hon. member to read such extracts.

Mr. Macdonnell (Greenwood): All right, Mr. Chairman. My understanding is that the section as now written covers certain things, wired music operations, community antenna operations and piped operations such as used by a company called Rediffusion Incorporated in Montreal, which operation has been before the tariff board. The company argued that it was not included under the words "telecast receiving units" and on February 17 the tariff board upheld their appeal. I submit we now have an act which, by reason of the extension of the wording, is going to make quite sure that the appeal board does not go astray and confirm the

ruling already given, which is that these particular articles are not taxable. That is what I mean by saying that I think the scope of the section is widened, and that is what I mean by saying that I think the last sentence of the explanation is, to use an admirable word which the Minister of Finance has used twice already, a euphemism.

Mr. Abbott: It is a very polite word.

Mr. Macdonnell (Greenwood): The last sentence in the descriptive note reads as follows:

> The item has been further clarified by using more descriptive terms.

That is a very euphemistic way of saying that the effect of the section has been considerably extended. I think the minister will agree with that. Even he could not be more euphemistic than that. Mr. Chairman, it is ten o'clock. Perhaps I might be given the opportunity to put what I have to say in better shape for tomorrow.

Mr. Lesage: May I say one word. I agree with what my hon. friend means even if I do not agree with all the words he used, but I cannot agree with him when he says that it extends the meaning of the section. As a matter of fact it clarifies the section to make it certain that the tax applies to all television equipment for programs distributed by any means whatsoever. May I also say that, according to my information, the decision of the tariff board is being appealed from.

Mr. Macdonnell (Greenwood): If the parliamentary assistant means by clarification that it puts into words what the Department of National Revenue thinks should be the law, if that is his definition of clarification then that is a definition which I do not fully accept.

Mr. Lesage: We believe it was the intention of the legislators.

Mr. Fleming: May I ask one question. This section, as we followed the statement made by the Minister of Finance in his budget speech, is designed to provide revenue for the Canadian Broadcasting Corporation. May I ask in what form provision is to be made to devote to the use of the corporation revenue acquired through the tax imposed by this section?

The Chairman: Is it the wish of hon. members to carry the section this evening?

Mr. Macdonnell (Greenwood): No.

The Chairman: If not, why not report progress?

Mr. Fleming: Can I have an answer to my question?

The Chairman: It is ten o'clock, and hon. members are not ready to pass the section. Why not report progress and ask leave to sit again?

Mr. Fleming: He has the answer all ready, Mr. Chairman.

Mr. Lesage: There will be a special provision in the Canadian Broadcasting Act.

Mr. Fleming: There will be amendments to that act introduced later this session?

Mr. Lesage: That is right.

Section stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, tomorrow we will continue with this bill and then we will take Bill No. 230, to provide for the government of the Yukon Territory; Bill No. 109, to authorize the grant of assistance to a province for the conservation of water resources; Bill No. 293, to implement the international convention for the high seas fisheries of the north Pacific ocean. Then we have two resolutions which I think can go through without very much discussion. One concerns the Emergency Gold Mining Assistance Act, and I think debate will take place more properly on second reading of the bill. The other is the resolution to amend the Fisheries Research Board Act.

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

HOUSE OF COMMONS

Wednesday, April 1, 1953

The house met at 2.30 p.m.

COMBINES INVESTIGATION ACT

TABLING OF REPORT OF INVESTIGATION INTO MAPLE PRODUCTS INDUSTRY

Hon. R. O. Campney (for the Minister of Justice): Mr. Speaker, on behalf of the Minister of Justice (Mr. Garson) I beg leave to lay on the table of the house three copies in English of the report by Mr. T. D. MacDonald, as commissioner under the Combines Investigation Act, with respect to an alleged combine in the purchase of maple syrup and maple sugar in the province of Quebec. Copies in French will be available almost immediately, I should hope tomorrow.

QUESTIONS

STE. CECILE STREET, MONTREAL—PROPERTY SOLD AS SURPLUS CROWN ASSETS

Mr. Fulton:

1. What are the particulars and nature of the property on Ste. Cecile street, Montreal, sold to Conrad Gauthier, Montreal, as surplus crown assets, for $5,750, as shown at page 22 of the Crown Assets Disposal Corporation report for 1950-51?
2. What were the dimensions of this property?
3. Were there any buildings on the property?
4. If so, how many, of what type, and for what purpose had they been used?
5. What was the original cost of acquisition of this property, and buildings if any?
6. Were tenders invited for the purchase of this property?

Mr. McIlraith:

1. The property consisted of lot No. 998 St. Antoine ward, Montreal, P.Q., with buildings thereon bearing municipal numbers 926-928 and 936-938 Ste. Cecile street.

2. The property had a frontage of 81·75′ on Ste. Cecile street with a depth varying from 75·7′ to 78·8′.

3. Yes.

4. Two—(1) brick semi-detached residence and (1) frame semi-detached residence.

5. $29,000 per order in council P.C. 4532 October 7, 1948.

6. Yes.

ARMY CAMP, WINDSOR, N.S.—LAND SOLD

Mr. Stanfield:

1. Has any land in the Windsor army camp at Windsor, Nova Scotia, been sold?
2. If so, what portions, and to whom were they sold?
3. What amount did the government receive for each portion?

Mr. McIlraith:

1. Yes. This camp had been declared surplus in January, 1946, and was turned over to the Department of Labour who used it for vocational training until it was sold.

2. The whole area of the former Windsor transit camp at Windsor, Nova Scotia, was sold to the town of Windsor, Nova Scotia. The area of land sold amounted to 203·27 acres, including certain easements and rights of way appurtenant to the said land.

3. The amount paid by the town of Windsor was $43,819.50 being approximately the cost of the said land and easements, together with 8 per cent of the cost of two (2) drill halls situated on the said land and 8 per cent of the cost of the piping, fixtures and hydrants comprised in the water line servicing the camp area.

FEDERAL HEALTH GRANTS, QUEBEC

Mr. Proudfoot:

1. How much has the federal government contributed in the province of Quebec under the health grants program?

2. How much has the federal government contributed in the province of Quebec, since 1948, towards (a) hospital construction; (b) control of cancer; (c) in mental health field; (d) T.B. control?

Mr. McCusker:

1. Of a total of $48,631,182 available to the province of Quebec under the health grants program, $27,762,899 has been contributed by the federal government in respect of projects submitted by the province of Quebec and approved.

2. (a) Of a total of $19,208,190 available to the province of Quebec under the hospital construction grant, $10,052,054 has been contributed by the federal government in respect of projects submitted by the province of Quebec and approved.

(b) Of a total of $5,171,470 available to the province of Quebec under the cancer control grant, $2,760,193 has been contributed by the federal government in respect of projects submitted by the province of Quebec and approved.

(c) Of a total of $6,892,169 available to the province of Quebec under the mental health grant, $4,273,266 has been contributed by the

federal government in respect of projects submitted by the province of Quebec and approved.

(d) Of a total of $7,516,624 available to the province of Quebec under the tuberculosis control grant, $6,362,396 has been contributed by the federal government in respect of projects submitted by the province of Quebec and approved.

J. H. ASHDOWN HARDWARE CO.—NAILS BOUGHT AS SURPLUS CROWN ASSETS

Mr. Fulton:

1. How many pounds and what size nails were included in the nails sold to J. H. Ashdown Hardware Company Ltd., for $19,772.32, as surplus crown assets as shown at page 21 of the Crown Assets Disposal Corporation report for 1950-51?

2. What was the original cost of acquisition of these nails?

3. Were tenders invited for the purchase of these nails?

Mr. McIlraith:

1. Quantity	Description
46 kegs—	nails 1″ common galvanized
184 kegs—	nails 1½″ common galvanized
34 kegs—	nails 1½″ common galvanized
90 kegs—	nails 2″ common galvanized
220 kegs—	nails 3″ common galvanized
52 kegs—	nails 4″ common galvanized
46 kegs—	nails 6″ common galvanized
73 kegs—	nails 2″ common blue
85 kegs—	nails 2″ coated
238 kegs—	nails 2″ zinc coated
41 kegs—	nails 1″ finishing
53 lbs. —	nails 1″ finishing
101 kegs—	nails 2″ finishing
26 kegs—	nails 2½″ finishing
33 kegs—	nails 3″ finishing
58 kegs—	nails 3½″ finishing
6 kegs—	nails 1 x 12 roofing (zinc coated)
23 kegs—	nails 1⅜″ flooring
340 kegs—	nails 2¼ x 11 flooring
1 keg—	nails 2½ x 11 flooring
31 kegs—	nails 1¼ x 14 shingle (blued)
216 kegs—	nails 1¼ x 14 shingle (zinc coated)
8 kegs—	nails 1¼ x 14 shingle (galvanized)
76 lbs. —	nails 1¼ x 14 shingle (zinc coated)
15 kegs—	nails 1¼ x 13 slating (galvanized)
2 kegs—	nails 1¼ x 13 slating (blue)
1 keg—	nails 1½″ finishing

2. Original cost shown in report of surplus $19,772.32.

3. Bids were solicited from the trade, but proved to be not acceptable; thus the sale was negotiated at the originally declared cost.

DREDGE NO. 117

Mr. Coyle:

1. What efforts has the government made to salvage the dredge, No. 117, which sank in Port Stanley harbour last year?

[Mr. McCusker.]

2. Were these efforts successful?

3. What was the cost of these operations?

4. If these efforts to raise this dredge were not successful, will further efforts be made?

5. Have the workers on the dredge been reimbursed for the loss of their belongings?

6. If not, is the matter being given consideration?

7. Will this dredge be replaced?

Mr. Fournier (Hull):

1. All heavy dredging equipment has been removed, and three attempts have been made to lift and pull the hull inshore.

2. No.

3. $44,200.

4. Yes, when weather conditions permit.

5. No.

6. No.

7. Yes.

IMPERIAL WAR GRAVES COMMISSION

Mr. Brooks:

1. Is there Canadian representation on the imperial war graves commission?

2. If so, what are the names (and if in military service, their ranks) of the Canadian representatives?

3. What officers or employees of the imperial war graves commission are in receipt of salary or other remuneration or expenses, and in each case what is the amount of salary or other remuneration or expenses paid?

4. What are the locations of the cemeteries of the imperial war graves commission in which Canadian service personnel are buried?

Mr. Mutch: I have discussed this question with the hon. gentleman in whose name it stands and have given him certain information that is available. He has agreed to let the question drop.

Mr. Speaker: Dropped.

STATISTICS BUILDING, OTTAWA—DISPOSAL

Mr. Diefenbaker:

To whom was the old statistics building on Sussex street disposed of by the Crown Assets Disposal Corporation, and at what price?

Mr. McIlraith: To Mr. Euchariste Harvey who paid the corporation the price of $1,800 and who has undertaken to demolish down to the level of the concrete floors and remove from the site, two reinforced concrete and brick buildings and a two storey temporary frame building.

GRANTS TO SANATORIA, QUEBEC

Mr. Gingues:

1. What sanatoria in the province of Quebec have received federal grants to improve their technical equipment during the last five years?

2. What were the amounts of such grants?

Questions

3. Have any sanatoria received grants towards the rehabilitation of tubercular patients? If so, what were the amounts of such grants?

4. Have any sanatoria received grants for the purchase of trailers (mobile clinics) for the detection of tuberculosis?

5. What amount has the sanatorium at Sherbrooke received during the last five years for technical equipment and medicine?

6. Have the provinces asked for rimifon?

Mr. McCusker:

1 and 2.

Name of sanatorium	Amounts expended 1948-52	Additional amounts approved 1952-53
	$ cts.	$ cts.
Hôpital Sanatorium St. Joseph de Rosemont	412,439 53	15,375 85
Sanatorium Cooke	119,808 06	2,532 69
Sanatorium St. Michel	34,585 55	56,294 52
Sanatorium St. Jean	111,476 50	4,262 65
Sanatorium du Sacré Coeur	173,116 26	.....
Sanatorium Ross	136,928 38	22,718 08
Sanatorium Saint-Georges	119,993 15	6,143 81
Sanatorium Begin	131,834 36	18,216 71
Royal Edward Laurentian Hospital	61,424 51	1,200 00
Sanatorium St-François	3,960 00	2,349 95
Hôpital Laval	187,431 68	90,824 88
Sanatorium du Lac Édouard	47,475 35	.....
Sanatorium St. Laurent	.....	32,638 67

3. Yes.

Name of sanatorium	Amounts expended 1948-52	Additional amounts approved 1952-53
	$ cts.	$ cts.
Sanatorium St. Michel	1,076 40	1,941 55
Sanatorium Cooke	8,771 69	.....
Sanatorium du Sacré Coeur	21,246 00	4,800 00
Hôpital Laval	11,240 00	4,850 00
Sanatorium du Lac Édouard	5,867 00	.....
Sanatorium Begin	6,759 63	.....
Sanatorium Ross	2,984 50	1,336 86
Hôpital Sanatorium St. Joseph de Rosemont	.....	7,423 95

4. Yes. Sanatorium Cooke, Sanatorium St. Michel, and Sanatorium St. Jean.

5. $33,878.22.

6. Yes. Prince Edward Island, Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia.

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CHICOUTIMI COUNTY, QUE.—REPAIRS TO WHARVES

Mr. Gagnon:

1. Since April 1, 1945, have repairs been made to wharves at (a) Petit-Saguenay; (b) L'Anse St. Jean; (c) Grande-Baie; (d)) Bagotville, in the county of Chicoutimi?

2. If so, in what year and in what amount?

Questions

Mr. Fournier (Hull):

1 and 2.

1945-46

(a) Nil	
(b) L'Anse St. Jean, wharf repairs	$ 34.12
(c) Grande-Baie, wharf repairs	105.10
(d) Bagotville, wharf construction	979.83

1946-47

(a) Nil	
(b) L'Anse St. Jean, wharf repairs	13.28
(c) Nil	
(d) Bagotville, wharf construction	145,779.40

1947-48

(a) Petit-Saguenay, wharf repairs	1,301.35
(b) L'Anse St. Jean, wharf repairs	143.73
(c) Nil	
(d) Bagotville, wharf construction	97,107.28

1948-49

(a) Nil	
(b) L'Anse St. Jean, wharf repairs	157,057.22
(c) Nil	
(d) Bagotville (Lepage wharf) repairs	3,150.75
Bagotville, wharf construction	27,245.46

1949-50

(a) Nil	
(b) Nil	
(c) Nil	
(d) Bagotville, wharf construction	20,005.22
Bagotville, wharf repairs	8,310.02

1950-51

(a) Petit-Saguenay, wharf repairs	999.42
(b) L'Anse St. Jean, wharf repairs	1,897.35
(c) Nil	
(d) Bagotville, wharf, etc., repairs	14,819.87

1951-52

(a) Petit-Saguenay, wharf repairs	809.12
(b) L'Anse St. Jean, wharf repairs	970.63
(c) Nil	
(d) Bagotville, wharf repairs	3,551.22

[Mr. Gagnon.]

WHARF REPAIRS AND RETAINING WORKS, ROBERVAL, QUE.

Mr. Spence:

During the years 1949-50, 1950-51, 1951-52 and 1952-53, what amounts were spent by the Department of Public Works in the county of Roberval for wharf repairs, retaining works, especially at the wharf of Roberval and along the Mistassini river?

Mr. Fournier (Hull):

Fiscal year 1949-50: Roberval, wharf repairs, etc., $27,031.71; St. Felicien, wharf repairs, etc., $1,214.33.

Fiscal year 1950-51: St. Felicien, wharf repairs, etc., $798.25; Mistassini, protection works, $9,314.68.

Fiscal year 1951-52: Mistassini, protection works, $9,590.59; Roberval, wharf repairs, etc., $1,116.42.

ARMED FORCES OVERSEAS—NEWSPAPERS AND MAGAZINES

Mr. Smith (Moose Mountain):

1. Has any special provision been made by the Post Office Department, to facilitate transmission of newspapers and magazines to the Canadian armed forces overseas?

2. Does any concession granted apply only to Canadian publications, or are United States periodicals included?

3. Can more than one copy of periodicals be enclosed in one cover at the concessional rate?

4. Is there any other method of sending magazines in bulk to the Canadian troops overseas?

5. What is the volume of news and periodicals forwarded by mail in 1952, to Canadian forces in the Far East?

Mr. Cote (St. Jean-Iberville-Napierville):

1. Yes, a special reduced postage rate of 2 cents for the first four ounces and 1 cent per four ounces thereafter, instead of the usual rate of 2 cents for the first two ounces and 1 cent for each additional two ounces has been granted.

2. The reduced rate mentioned applies to recognized newspapers and periodicals regardless of the place of publication when mailed at Canadian post offices.

3. Yes, provided the copies enclosed are not individually addressed the reduced rate would apply up to the weight limit of six pounds, nine ounces.

4. Yes, it is understood that the Canadian Legion and other welfare agencies have made arrangements with the Department of National Defence for the transport through its own non-postal channels of bulk reading material to the Canadian forces serving overseas.

5. 202,396 pounds.

COD FILLETS IN STORAGE

Mr. Robichaud:

1. Has the Department of Fisheries any information on the large quantities of fillets from last

year's maritime provinces' catch still in storage unsold or still held on the American market?

2. Has the Department of Fisheries been informed of a substantial reduction in the price of cod, during the coming fishing season, consequent upon the losses sustained by maritime provinces' packers of fillets on last year's catch?

3. Has the said department under advisement any plan to set a reasonable floor price for maritime provinces' codfish for the 1953 season or some other system of assisting or subsidizing the cod fishing industry?

Mr. MacNaught:

1. Stocks of frozen Atlantic cod fillets held in Canada on March 1, 1953 amounted to 3,915,000 pounds as compared to 942,000 pounds on March 1, 1952.

The department has no information on stocks of Canadian fish held in the United States.

2. Prices of cod to fishermen for the 1953 summer season have not yet been established. Currently, prices at Halifax are approximately one-half cent per pound below those paid at the same date a year ago. Prices for the summer season are normally established early in April when the fishing ports of New Brunswick, Quebec, Prince Edward Island and Cape Breton open for fishing.

3. The fisheries prices support board is keeping a very close watch on the current situation and will be prepared to make recommendation to the government should conditions warrant such action when the new price levels are established.

COMPULSORY WAR SAVINGS, WORLD WAR II

Mr. Fair:

1. What was the total amount of compulsory war savings collected in world war II?

2. What was the date of time limit in which to claim repayment?

3. What is the total amount repaid?

Mr. McCann:

1. The total amount of refundable savings portion of tax collected in world war II was $515,094,669.03.

2. There is no time limit.

3. $512,099,105.78.

QUESTIONS PASSED AS ORDERS FOR RETURNS

PASSAMAQUODDY TIDAL POWER PROJECT

Mr. Brooks:

1. What was the cost of the investigation and report, submitted March, 1950, of the international joint commission on the Passamaquoddy tidal power project?

2. What amount was paid (a) by United States; (b) by Canada?

3. Has the United States government, or any department thereof, approached the Canadian government, or any department thereof, with a view of holding a further investigation to determine the economic feasibility of the project?

4. If so, what is the attitude of the Canadian government?

GEORGE H. HEES, SON & CO. LTD.

Mr. Viau:

1. During the years 1950, 1951, 1952, and to date in 1953, were any amounts paid to George H. Hees, Son & Company Limited, 276 Davenport road, Toronto, Ontario, by the following departments: (a) Department of Veterans Affairs; (b) Department of Public Works; (c) Department of Citizenship and Immigration; (d) Department of Justice; (e) Department of Resources and Development; (f) Department of National Health and Welfare; (g) Department of Defence Production; (h) Department of Transport?

2. If so, what type of merchandise was supplied to each department and at what total amount, in each of the above years?

3. Were all purchases made direct or by tender?

FISHERIES

INQUIRY AS TO METHOD OF MARKETING NEWFOUNDLAND SALTED COD

On the orders of the day:

Mr. T. G. W. Ashbourne (Grand Falls-White Bay): Mr. Speaker, in the absence of the Minister of Fisheries (Mr. Sinclair) I should like to address a question to his parliamentary assistant. Is the Minister of Fisheries able to inform the house whether the government has made any decision as to the method of marketing Newfoundland salted cod fish at the end of the five-year period established in the terms of union?

Mr. J. Watson MacNaught (Parliamentary Assistant to the Minister of Fisheries): Mr. Speaker, the hon. member for Grand Falls-White Bay was good enough to give advance notice of this question.

In the terms of union the government of Canada agreed to continue for a five-year period the organized marketing system for the export of salted fish. That system, operated by the Newfoundland fisheries board, grants an exclusive export licence to a group known as the Newfoundland Associated Fish Exporters Limited, known as NAFEL.

The government has taken note of the views of the Newfoundland fishermen and merchants that some plan of organized marketing is necessary. Newfoundland salt fish production is among the world's largest and carries therefore its own selling problems. Certain of the large markets have single buying agencies that make a single selling agency in Newfoundland desirable. Dollar shortages in the main markets add to the difficulties. To try, therefore, to revert to independent merchant selling next year would be to court the danger of market disruption—a danger that would affect the

maritime and Quebec salt fish trades as well as Newfoundland. Some system of organized marketing for Newfoundland is necessary.

The existing system of merchandising through NAFEL has provoked certain criticisms from fishermen and others. To take account of their criticisms, the federal government proposes to make certain modifications to the present system.

1. Since the fishermen's organizations are not represented on NAFEL or its directorate, the Newfoundland fisheries board is being instructed to establish by July 1, 1953, a consultative committee on salt fish marketing. This committee will make continuous review of NAFEL's operations in the marketing of salted fish, the state of the markets, relative prices, costs, and other associated matters. This committee is to be convened by the fisheries board and to include fishermen's representatives, representatives of NAFEL, and a representative from the provincial government of Newfoundland. At these meetings the fisheries board has been instructed to see that a full revelation of facts on marketing is made to the committee.

2. The government intends to continue the powers of the Newfoundland fisheries board with respect to the marketing of salted fish for a further three-year period as from March 1, 1954.

3. The exclusive export privileges of NAFEL will be modified by changes in its agreement with the Newfoundland fisheries board.

The most important of these will be a broadening of the opportunities for interprovincial trading. The Newfoundland fisheries board will be prepared to permit sales of wet salted and pickled fish between Newfoundland exporters, including fishermen or groups of fishermen, and buyers from the mainland and continental U.S.A. To protect the Newfoundland fishermen, however, these buyers should make prearranged sales with such Newfoundland exporters in the form of contracts and these contracts shall be arranged before April 30 each year. Copies of contracts are to be deposited with the Newfoundland fisheries board, which will issue the export permits during the season. These transactions may be arranged between buyers and sellers without the intervention of NAFEL and will, therefore, be free of any levy by NAFEL. This provision for prearranged sales should minimize the possibility of fishermen putting up more wet salted or pickled fish than the markets can absorb.

If mainland buyers do not make such forward contracts and if they wish merely to make spot purchases of Newfoundland fish, either wet or dried during the year, they may do so through NAFEL as at present.

Mr. Ashbourne: I should like to ask the parliamentary assistant to the Minister of Fisheries whether this extension of salt bulk and pickled fish trading between the mainland and Newfoundland, to which the parliamentary assistant has just referred, will be effective this season?

Mr. MacNaught: We have just received a communication from the government of Newfoundland asking us to make this change effective for this season. As I indicated in the statement I just made, the Newfoundland fisheries board has an agreement with NAFEL for the 1953 season, as it has had for every other season. This contract cannot be altered without six months' notice unless with the consent of NAFEL. If NAFEL is willing to modify its contract to permit this extension—and I understand that it is willing—then the government has no objection. Not having contemplated this change, the federal government has been adhering to the undertaking in the terms of union that the marketing system would be unchanged for a five-year period.

Mr. Higgins: Mr. Speaker, I hope you will not think that I am taking advantage of today—

Mr. Knowles: This is the 1st of April.

Mr. Higgins: That is right. With respect to matters such as the statement made by the parliamentary assistant this afternoon, it would be much easier for people on this side of the house if they could have the advantage of having the information supplied to them beforehand. The parliamentary assistant made a long statement which was very difficult to follow, and I suggest with all humility that such a course might be adopted. I want to ask one question.

Some hon. Members: Order.

Mr. Higgins: All right. I will proceed when you are through, gentlemen. Can the parliamentary assistant tell me what the situation will be this year with respect to the normal markets for Newfoundland salt codfish?

Mr. MacNaught: A day or so ago the hon. member for St. John's East asked me if I was prepared to make a statement covering that problem, and for his information and the information of the house may I say that I expect to be able to make such a statement tomorrow.

FREIGHT RATES

INQUIRY AS TO PETITION REQUESTING RESCINDING OF INCREASE

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): I should like to direct a question to the Acting Prime Minister in view of reports in this morning's papers. Has the government received the petition from the eight provinces requesting the governor in council to rescind the recent decision of the board of transport commissioners in allowing the freight rate increase? If so, when will consideration be given to this petition? I am directing this to the government because of what the Minister of Transport said the other day.

Hon. Lionel Chevrier (Minister of Transport): I am not too sure, but I understand that the hon. member's question has to do with rescission of the decision of the board.

Mr. Coldwell: The petition requests the rescinding of the recent order of the board of transport commissioners.

Mr. Chevrier: I see in the press that eight provinces have filed an appeal.

Mr. Coldwell: That is why I asked the question.

Mr. Chevrier: I have been informed by the clerk of the privy council that an appeal has been received. I have not seen the notice of appeal, but I take it that it would not be for rescission at this time. As my hon. friend knows, and as was explained by the Prime Minister (Mr. St. Laurent), in all of the cases that have been appealed there has been no rescission. I take it that in due course the notice of appeal will be set down on the agenda for discussion at one of the ordinary meetings.

LABOUR CONDITIONS

GRAIN HANDLERS—THREATENED STRIKE AT LAKEHEAD—SITUATION AT VANCOUVER

On the orders of the day:

Mr. Daniel McIvor (Fort William): On a question of privilege, Mr. Speaker, the Minister of Labour and Mr. Frank Hall have been doing a splendid job in handling the threatened strike at the lakehead.

Some hon. Members: Order.

Mr. McIvor: My question of privilege is to thank them emphatically at this time for their most efficient work.

Mr. Howard C. Green (Vancouver-Quadra): Arising out of the remarks of the hon. member for Fort William, may I ask the Minister of Labour what is the present situation with respect to the strike on the west coast?

Inquiries of the Ministry

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, first as to the lakehead dispute a conference was held in Ottawa, as I think hon. members know, last Friday and Saturday on my request in connection with the dispute that had developed at the lakehead on the question of the interpretation of a provision of the agreement which was made last September between the lakehead terminal elevators association and the brotherhood of railway and steamship clerks, freight handlers, express and station employees. The dispute now involves the application of the provision of the agreement respecting the reduction of hours from forty-eight to forty hours per week.

I met five representatives of the association and five representatives of the brotherhood who were here last Friday. The discussions, which were assisted by officers of the Department of Labour, terminated Saturday afternoon and the parties authorized the Minister of Labour to make the following statement, which was made:

> The Hon. M. F. Gregg today announced that the representatives of the grain companies and of the brotherhood of railway and steamship clerks, freight handlers, express and station employees had completed their discussions in Ottawa. Both representatives of the companies and the brotherhood stated that they were moving towards an agreement.

This week the two negotiating parties who were here have been holding meetings, each with its own main body, and I hope to have replies from both of them within a few days.

Mr. Green: My question was with regard to the strike on the west coast.

Mr. Gregg: I cannot add very much on that. As hon. members will remember, a proposal was addressed to both parties by our representative, Mr. Wilson, before he left Vancouver, that recommended that agreement on several points be reached, that work be renewed and that the dispute over the wage increase be referred to an arbitrator who would be chosen by both parties and whose decision would be final. I have not had a final report as to the views of the two parties regarding that proposal.

Mr. Green: Has the minister given any thought to having the parties come to Ottawa in the hope that this strike can also be settled?

Mr. Gregg: Before coming to a decision on that matter, I should like to have a reply from the two parties with respect to what is, in my opinion, a very sound proposal for settlement that is now in their hands.

CIVIL SERVICE

REQUEST FOR HOLIDAY ON SATURDAY, APRIL 4

On the orders of the day:

Mr. J. T. Richard (Ottawa East): I should like to address a question to the Secretary of State. Has he given any consideration to granting a holiday on Saturday next to civil servants in Ottawa and district to put them in line, at least for this week, with other civil servants in the rest of Canada on a five-day week?

Hon. F. G. Bradley (Secretary of State): No consideration has been given to that matter thus far.

EXCISE TAX ACT

The house in committee on Bill No. 225, to amend the Excise Tax Act—Mr. Abbott—Mr. Robinson in the chair.

On section 11.

The Deputy Chairman: I understand that the committee was considering clause 12.

Mr. Macdonnell (Greenwood): No, clause 11.

The Deputy Chairman: Shall clause 11 carry?

Mr. Macdonnell (Greenwood): No. Just before the committee rose last evening I was drawing to its attention the terms of the note on clause 11 which, after explaining that the excise tax on radios was being separated from the excise tax on television sets, winds up with this sentence:

> The item has been further clarified by using more descriptive terms.

I said last night that my understanding was that that was a considerable understatement because according to my information this section in fact extends the operation of the act. That is my information. If it does, then it is in effect and in fact a section whereby money is being raised or, in other words, a money bill. The parliamentary assistant shakes his head when I say that the effect is extended. I therefore ask very definitely whether it is not extended at least to the extent of bringing within its purview the articles on which an appeal was made to the tariff board and concerning which the tariff board said that they were not covered. The phraseology in question is "telecast receiving units". I am proceeding on the assumption and on the belief that this section does extend taxation, and that it is therefore a money bill. I am pointing out, Mr. Chairman, that it is not supported by any resolution. I go further on that basis, Mr. Chairman, and I point out that it is improperly before the committee because, if it is in fact a money bill, and if in fact it is raising money, it should have been preceded by a resolution, and that is not the case.

Therefore, following that, I wish to ask whether in fact on February 19 notices were sent to the relevant officials advising them that the additional materials brought under the act would from that day on be subject to tax. I would like to have that question answered first, if I may.

Mr. Lesage: Mr. Chairman, I respectfully differ with the opinion of the hon. member for Greenwood. I have to express the opinion, which is the opinion of the law officers of the crown, that the tubes, sets and apparatus to which my hon. friend has referred are subject to tax under section 6 as it was, and as it can be read on the page of the bill opposite section 11. The apparatus is described as radio broadcast, telecast and music receiving sets. The installations are mostly in private homes. The sets are imported completely manufactured and include some seventeen tubes in addition to the cathode ray television tube and the loud speaker. The value, duty free, is around $216.

Now, let us look at what the old section says:

> Phonographs, record playing devices, radio broadcast or telecast receiving sets or tubes therefor, apparatus for receiving radio broadcast and music . . .

The opinion of the law officers of the crown has been and is that all the apparatus, the sets and tubes which I have mentioned as being included in these rediffusion sets, are covered by section 6 as it was; and that the new words of subsection (b) of new section 6 are only for clarification purposes. The law officers do not agree with the decision of the tariff board. A tax has been levied in the past. There was an appeal to the tariff board which was granted for these rediffusion sets as they apply to television but yesterday a request for leave for appeal was heard by a justice of the exchequer court who has reserved his judgment. The legal position now, at the time I am speaking, is that in the opinion of the law officers of the crown the new wording does not extend the taxation, it only clarifies the section.

Mr. Macdonnell (Greenwood): I find that very hard to understand, but let me ask this definite question. Does the parliamentary assistant agree that the tariff board did reach a conclusion that certain of the articles now covered by this wording on which taxation had been collected were not properly taxable? Is that a fact?

Mr. Lesage: That is not a final decision; it is being appealed from.

Mr. Macdonnell (Greenwood): Does the decision not take effect from the time it is made?

Mr. Lesage: Not if there is an appeal.

Mr. Abbott: Perhaps I can relieve my hon. friend's doubts about the legality of the matter. Conceding, for the purpose of argument, that it does extend the tax, if he will look at the terms of the resolution upon which this bill is before the house he will see that it reads, resolved:

That it is expedient to introduce a measure to amend the Excise Tax Act—

And I pause there.

—and to provide, amongst other things:

and it enumerates a number of things.

The opinion of the law officers is and has been for some time that it is quite sufficient, in order to comply with the provisions of the British North America Act, that the resolution should be merely in the terms "resolved that it is expedient to introduce a measure to amend the Excise Tax Act". That justifies any amendment that it may be desirable on the part of the crown to introduce. As a matter of practice it has been usual to enumerate in the resolution the principal changes; but I am pointing out to my hon. friend that even if this provision did extend the ambit of the section, which, as my parliamentary assistant has indicated, we do not believe, the resolution preceding the introduction of this bill is quite sufficient in law to justify such action.

Mr. Macdonnell (Greenwood): Do I understand the minister to say that the general words of the section to which he has referred would authorize an increase in taxation to any limit?

Mr. Abbott: Quite. To any limit at all.

Mr. Macdonnell (Greenwood): That is a new idea to me.

Mr. Abbott: It happens to be true.

Mr. Macdonnell (Greenwood): I am taking the minister's word but may we have an opinion from the law officers? I would be interested to hear what they would say.

Mr. Abbott: If my hon. friend would take the trouble to see the law clerk of the house he would reassure him of that very quickly.

The Chairman: Shall section 11 carry?

Section agreed to.

On section 12.

Mr. Lesage: Mr. Chairman, there has been quite a lengthy discussion on tires and tubes for replacement purposes on farm trailers. At page 3114 of *Hansard* for March 19, for instance, the hon. member for Huron North said:

There is going to be some difficulty about this. The tires for a trailer or any farm machine are not suitable for speeding on the highway. They just cannot be used on a car because if you used them at any speed you would wear off the tread in a few moments. There is a great difference between a tire used for farm work and one used on the highway.

My answer at that time was:

I will say again what I said this afternoon, that according to the proposed amendment the test of the exemption would not be on the tires and tubes themselves; it would be on the vehicles on which the tires and tubes are to be used. Following the representations made by my hon. friends this afternoon, I said that speedy consideration would be given to the possibility of applying the test to the tires and tubes.

Consideration has been given and the officers of the Department of National Revenue have been in touch with the representatives of the manufacturers of tires and tubes to discover whether it is possible to have a test on the make of the tires and tubes used on farm machinery. It has been possible to find a wording which, I believe, will cover the situation. If my hon. friends will look at section 12 as it reads now I will tell them the purpose of the amendment which I will ask the Minister of National Revenue to move. The intention of the amendment is to make three exceptions in line 36 after the word "therein". We will there make a special paragraph which will be numbered (i) which will read as follows:

When used exclusively for the original equipment of such self-propelled machines, automotive vehicles, trailers or other wheeled attachments,

Then, (ii) reads:

When used exclusively for replacement purposes on machinery designed for and used only for farm purposes.

Then, the addition is in (iii), which reads:

When designed and catalogued for farm machinery and used on farm trailers used exclusively for farm purposes.

I believe that covers exactly the problem that was raised by hon. members. May I repeat the important words:

When designed and catalogued for farm machinery and used on farm trailers used exclusively for farm purposes.

May I add it appears from the discussions the officers of the Department of National Revenue have had with the manufacturers of tires and tubes that there are no tires and tubes which are made especially

for trailers. The situation is that tires are made for farm machinery, and those tires are bought by some farmers for use on their trailers. I see that the hon. member for Battle River is nodding his head, so he approves of my statement of the position. I believe he is one of those who have made representations in order to obtain such an amendment.

Mr. Fair: That is the point I was going to make. It is clear, then, that tires and tubes for farm trailers will be sold without the tax?

Mr. Lesage: When designed and catalogued for farm machinery; that is what was requested.

Mr. Charlton: As I understand it, then, replacement tires for farm trailers, to be used exclusively on the farm, if it is an implement tire, is tax free?

Mr. Lesage: That is exactly the position.

Mr. Fraser: May I ask a question there? There are some farmers who have one farm in one end of the township and another farm at the other end of the township. They would have to go on the highway and pull that trailer, perhaps with a tractor, from one farm to the other. Would that still be considered used exclusively on the farm?

Mr. Lesage: May I repeat the wording, which I believe will satisfy my hon. friend? It says:

When designed and catalogued for farm machinery and used on farm trailers used exclusively for farm purposes.

It does not say it has to be used only on the farm, but exclusively for farm purposes.

Mr. Fraser: If that farmer put the trailer behind his car and drove to town, perhaps with a load of grain, would it still be considered a farm trailer?

Mr. Lesage: It is still used for farm purposes, so it is still a farm trailer. But if he travels long distances at a high speed with this type of tire, it will cost him a lot of money.

Mr. Fraser: He will have a blowout.

Mr. McCann: I move:

That section 12 of the bill be deleted, and the following substituted therefor:

12. Section 13 of schedule I to the said act is repealed and the following substituted therefor:

"13. Tires and tubes:—

(a) Tires in whole or in part of rubber for self-propelled machines or automotive vehicles of all kinds, including trailers or other wheeled attachments used in connection with any of the said machines or vehicles . . . fifteen per cent;

(b) Inner tubes for use in any such tires . . . fifteen per cent;

the tax on the articles enumerated in paragraph (a) and (b) of this section does not apply to the goods mentioned therein

(i) when used exclusively for the original equipment of such self-propelled machines, automotive vehicles, trailers or other wheeled attachments,

(ii) when used exclusively for replacement purposes on machinery designed for and used only for farm purposes, or

(iii) when designed and catalogued for farm machinery and used on farm trailers used exclusively for farm purposes."

The Deputy Chairman: The committee has heard the amendment. Is it the pleasure of the committee to adopt the amendment?

Amendment agreed to.

Section as amended agreed to.

On section 13—*Repeal and substitution.*

Mr. Lesage: May I propose that we take the schedule page by page?

Mr. Knowles: If that is agreed to, and since I am in an agreeable mood, perhaps I might be permitted, as a matter of privilege and without entering into an argument, to place upon the record the fact that I, for one, cannot agree with the statement made by the Minister of Finance a moment ago when he was replying to the hon. member for Greenwood as to the terms of a resolution preceding a bill imposing taxes. As I say, no point of order has been raised and no point of order has to be settled. I do not think it would be fair, however, to those of us on this side of the house for that statement to be left on the record without any suggestion that there is an argument on the other side. I should like to place on the record the fact that citation 515 of Beauchesne's third edition reads as follows:

Debate and amendment on the stages of the finance bill or other bills imposing taxes are governed by the ordinary rules of relevancy and, if any of the provisions of the bill should be found to go beyond the resolutions of the committee of ways and means or other committee of the whole house, as agreed to by the house on report upon which the bill is founded, a further resolution must be passed by the committee of ways and means or other committee of the whole house, and agreed to by the house before those provisions are considered in committee on the bill, or the bill must be amended so as to conform to the resolutions to which the house has agreed. Amendments to the bill which are not covered by resolutions of the committee of ways and means or other committee of the whole house are out of order. Amendments have also been ruled out of order as not relating to the finance of the year.

Mr. Lesage: What date is that?

Mr. Knowles: It is from page 185 of Beauchesne's third edition.

Mr. Lesage: What date is that?

Mr. Knowles: It is taken from May, and it is an old principle that was laid down quite a few years ago.

Mr. Lesage: I understand that the minister said the legal opinion of the law clerks is now that—

Mr. Knowles: I am surprised to hear my hon. friend, who is a lawyer, deprecating an opinion because it is an old one.

Mr. Lesage: That is not what I said. I said it was an old citation. My friend knows that even courts have reversed their own previous judgments and opinions.

Mr. Knowles: It was not my purpose to get into an argument over the matter.

Mr. Lesage: I just want the record to be straight.

Mr. Knowles: That is what I want. I have great respect for the opinions of the law officers and law clerks, but after all it is their function to advise us and the practice is determined by parliament. I submit that up to this time parliament has made no change in this practice which calls for a resolution setting out what is coming to precede all bills that impose taxation.

Now, as I said before the interruption of a moment ago, it was not my purpose at this point to enter into an argument over this question because I think it can be contended that the particular matter we were debating today is referred to in the resolution, at least in a general way. I do feel, however, that the general rule which the Minister of Finance sought to lay down should not go unchallenged. In my view it is still a requirement of this parliament that a bill imposing taxation should be preceded by a resolution setting out the terms of that proposed taxation.

Mr. Macdonnell (Greenwood): Perhaps I might be allowed to say one word. When the Minister of Finance made this statement, the strength of which surprised me—I respect him, both as a lawyer and in his capacity as a minister—I asked that I be furnished with the opinion of the law officers of the crown. While it was not clear whether I was to have it in writing, I do hope that I may have it in writing. In any event, there was a strong statement made by the minister which I found very surprising, but which I nevertheless took, but I am asking that I may be fully satisfied as to the authority upon which he made it.

Mr. Graydon: Who said the law officers of the crown were infallible, anyway?

Mr. McLure: Who are they, anyway?

The Deputy Chairman: Shall section 13 carry?

Mr. Robichaud: No. Last night when I rose in this chamber and attempted to make a few brief remarks on clause 1 of the bill now before the committee, I was informed by the parliamentary assistant that my remarks should come under section 13; and the chairman at the time asked me whether I was satisfied to defer my remarks until section 13 came before the committee. I submit that it is now time for me to make the few brief remarks I wish to make, if the parliamentary assistant does not object.

Mr. Lesage: I proposed a few moments ago—and I thought it was agreeable and would make for more orderly discussion—that we take schedule III page by page, because section 13 deals with schedule III. I suggest that we let section 13 stand until we have adopted schedule III. I believe that would make for orderly discussion.

Mr. Graydon: I understood last night that it was agreed that the hon. member for Gloucester would have the opportunity to speak when section 13 was called. I think that understanding ought to be adhered to now.

Mr. Lesage: Yes, I know. I have discussed the problem and the question which the hon. member for Gloucester wants to raise, and I know it is covered on page 11 of that schedule.

Mr. Graydon: How do you know what he is going to say?

Mr. Lesage: He has said it many times.

Mr. Graydon: He might change the record this time.

Mr. Lesage: Yes. But schedule III is a long list of exemptions from the sales tax. If we go over this without any order, I do not know how we shall get through.

Mr. Fraser: Would it not be better to allow the hon. member to speak now?

Mr. Lesage: All right. I have amendments that will cover his point.

The Deputy Chairman: The hon. member for Gloucester.

Mr. Graydon: Let us hear his point anyway.

Mr. Robichaud: As reported at page 3487 of *Hansard* it was the parliamentary assistant himself who said as follows:

> Mr. Chairman, I rise on a point of order. The hon. member is now referring to matters which should come under section 13. As a matter of fact, following—

The Deputy Chairman: Order. We have already disposed of the point and decided that the hon. member is privileged to proceed. Will he now confine his remarks to section 13?

Mr. Robichaud: For the sake of brevity, Mr. Chairman, I shall bow to your ruling. I wish to assure the parliamentary assistant that my remarks will be indeed brief because the statement which he made last night in this committee containing the assurance that an important amendment was going to be made today to schedule III of the bill now before the committee under the heading "marine and fisheries", whereby rope and cordage of cotton, hemp, manila, nylon or other vegetable fibre of all sizes and descriptions to be used in fisheries will henceforth be sales tax exempt, makes it imperative for me to refrain from making any lengthy remarks because this amendment is perfectly in line with the suggestion which I offered to the Minister of Finance in my speech on the budget on March 5.

Mr. Lesage: Hear, hear.

Mr. Robichaud: Thank you.

Mr. McCann: The hon. member will get credit for it.

Mr. Robichaud: In order to comply with the principle which seems finally to be *à la mode* in this committee, namely the principle of brevity, I shall refrain from making any further remarks and shall content myself with voicing appreciation, on behalf of the fishermen of Gloucester county in the province of New Brunswick, to the Department of Finance, the Minister of Finance and the parliamentary assistant for having acceded to the request and the suggestion which I made in my budget speech.

Mr. Graydon: The hon. member deserves a great deal of credit for it.

Mr. Stuart (Charlotte): I would not want this clause to pass and the hon. member for Gloucester to go home thinking that he has been responsible for this change. I can assure you, Mr. Chairman, that these changes were brought to the attention of the minister and his parliamentary assistant by other maritimers who are greatly interested in the fishing industry. I do appreciate the fact that my hon. friend mentioned the matter on the floor of the house and that the fisheries council of Canada were kind enough to take the matter up collectively with the department; and we all appreciate the way in which it was dealt with by the minister and by the officials of his department. These concessions may seem small but they are appreciated by all the fishermen in the maritime provinces; and I believe the fishermen down there realize that the members from there are all working toward the same end.

Section agreed to.

Section 14 agreed to.

The Deputy Chairman: May I point out to the committee, as was pointed out last evening, that sections 15 to 27 of the second part are merely repetition of the sections which have just been approved by the committee. May I therefore have the agreement of the committee to call sections 15 to 27 inclusive at one time?

Some hon. Members: Agreed.

Mr. Lesage: I have no objection to that procedure, Mr. Chairman, but section 26 has to be amended in the same way as section 12 was amended.

The Deputy Chairman: Then may I call sections 15 to 25 inclusive?

Some hon. Members: Agreed.

On sections 15 to 25 inclusive.

Mr. McLure: I should just like to ask one question on section 22. It deals with "producer or manufacturer". No consideration at all is given to an assembler. An assembler may not be included in this "producer or manufacturer". I brought that matter up for consideration once before, but it never was changed.

Mr. Lesage: Section 22 has the same wording as has section 8 which was passed last night and which was discussed last night.

Mr. McLure: But does it designate "assembler"?

Mr. Lesage: No.

Mr. McLure: Or are you dealing only with "producer or manufacturer"?

Mr. Lesage: It has always been considered, Mr. Chairman, that assembling is a manufacturing process.

Mr. McLure: He is not a manufacturer, just the same. You can grade him as you like, but an assembler never makes anything. He puts together and assembles, but he does not manufacture or produce anything. There is quite a big difference.

Mr. Lesage: I do not see that I can say anything more, Mr. Chairman, than that for the purpose of this act assembling has always been considered as manufacturing or producing.

The Deputy Chairman: Shall the clauses carry?

Some hon. Members: Carried.

Sections 15 to 25 inclusive agreed to.

On section 26.

Mr. McCann: Mr. Chairman, I move that section 26 of the bill be deleted and the following substituted therefor. It is practically the same as we have under section 12.

The Deputy Chairman: Shall the amendment carry?

Some hon. Members: Carried.

Mr. Graydon: Should we not know what the amendment is? If the minister had said it was exactly the same as was to be found under section 12, that would be all right. But the minister said it was practically the same.

The Deputy Chairman: It is moved by the Minister of National Revenue, as follows:

That section 26 of the bill be deleted, and the following substituted therefor:

26. Section 13 of schedule 1 to the said act is repealed and the following substituted therefor:

"13. Tires and tubes:

(a) Tires in whole or in part of rubber for self-propelled machines or automotive vehicles of all kinds, including trailers or other wheeled attachments used in connection with any of the said machines or vehicles . . . fifteen per cent;

(b) Inner tubes for use in any such tires . . . fifteen per cent;

The tax on the articles enumerated in paragraphs (a) and (b) of this section does not apply to the goods mentioned therein

(i) when used exclusively for the original equipment of such self-propelled machines, automotive vehicles, trailers or other wheeled attachments,

(ii) when used exclusively for replacement purposes on machinery designed for and used only for farm purposes, or

(iii) when designed and catalogued for farm machinery and used on farm trailers used exclusively for farm purposes."

Shall the amendment carry?

Amendment agreed to.

Section as amended agreed to.

Sections 27 and 28 agreed to.

On schedule III.

Mr. Knowles: How shall we deal with the schedule? Shall we proceed page by page, or according to the headings?

The Deputy Chairman: Is it agreed that we shall call the headings on the various pages?

Some hon. Members: Agreed.

The Deputy Chairman: Then, we shall proceed with the heading "Foodstuffs".

Mr. Black (Cumberland): Mr. Chairman, I have not been able to attend during the whole discussion, and I am not as familiar as perhaps I should be with the schedules in the budget speech. Do I understand that all the articles in this extensive schedule are now to be exempt from sales tax?

Mr. McCann: They have been.

Mr. Lesage: As a matter of fact, practically all of them have been. The only amendments now brought down are underlined. If the hon. member will look at the schedule he will see that under the heading "Foodstuffs" the only change is in the last paragraph, with the words:

Materials to be used exclusively in the manufacture or production of the aforementioned foodstuffs.

It might be flavouring, for instance, in the manufacture of ice cream.

Mr. Fraser: With reference to drinks prepared from milk or eggs, does that have reference to a liquid or a dry preparation?

Mr. Lesage: A liquid preparation.

Mr. Fraser: It would not cover a dry preparation?

Mr. Lesage: No. There was a discussion of that point last year.

Mr. Fraser: I brought it up at that time.

Mr. Lesage: Powdered milk is contained in the exempt list.

Mr. Fraser: That would be milk in dry form?

Mr. Lesage: Powdered milk is in dry form, yes.

Mr. Fraser: It would have reference to powdered milk and powdered eggs?

Mr. Lesage: My information is that it would.

Mr. Fraser: Then, Ovaltine would be exempt?

Mr. Lesage: I am informed that Ovaltine is a composition, that it is not composed entirely of powdered eggs and powdered milk, but that there are other ingredients.

Mr. Gauthier (Portneuf): There are four other ingredients.

Mr. Fraser: The words used are "drinks prepared from milk or eggs"; but the word "exclusively" does not appear.

Mr. Lesage: Exceptions, in law, have to be interpreted strictly. Ovaltine is not mentioned there.

Mr. Fraser: I know that. Then, farther down on the list, there is reference to "prepared whipping cream". I would understand that that is the product which shoots out when a button is pushed?

Mr. Lesage: Yes.

Mr. Fraser: Is that prepared from cream, or is it a vegetable oil preparation?

Mr. Lesage: I am informed it is prepared from cream.

Mr. Fraser: It is not exclusively cream, is it? I would understand that it would be in the same class as powdered drinks.

Mr. Lesage: I am informed that it is prepared whipping cream, and that possibly there is some sugar in it.

Mr. Gauthier (Portneuf): There is.

Mr. Fraser: And vegetable oils?

Mr. Lesage: Officials of the Department of National Revenue inform me that they do not believe it contains vegetable oils.

Mr. Fraser: My understanding is that there is a considerable quantity of vegetable oil in it.

Mr. Follwell: Mr. Chairman, I am sure we should commend the parliamentary assistant for the manner in which he is supplying the information required today. I believe it is under this part of the bill that I might be permitted to make some observations concerning one of my constituents in Hastings South. I speak about the W. T. Hawkins Company Limited, who manufacture a product known as caramel corn snacks.

The department is familiar with this subject, because for the last two years the plight of this company has been brought to its attention, as well as to that of the minister. Although we have been received very sympathetically, unfortunately something more than sympathy is needed and desired. It is all right to sympathize with a man who is drowning, but it is much better to throw him a rope.

I am sure the parliamentary assistant is familiar with this particular case, so I shall not be long in placing the situation before the committee. Perhaps it would be sufficient to point out that caramel corn snacks is a product manufactured in Tweed. It is made from popcorn, with some sugar added, admittedly. However, I do feel that it should fall into that class described as "cereal breakfast foods not including beverages".

This is a corn product. At the present time it is required to pay a 15 per cent excise tax, while from 90 to 95 per cent of all competitive corn products, such as cheese-coated, powdered and salted popcorn sold in Canada is not covered by the excise tax.

Caramel corn snacks is sold in direct competition with these other types of popcorn. There are, of course, the cereal products known as sugar crisp, sugar puffs and corn pops, manufactured by Post, Quaker Oats and Kellogg, which are advertised, sold and consumed as sweet snacks, but without paying any sales tax or excise tax.

I suggest the department should take another look at this situation, because the company is now suffering from receding returns, inasmuch as it is meeting with sales resistance, due to the excise tax. Their sales have fallen so low that the government would be collecting practically no excise or sales tax. If they were permitted to operate as their competition operates—that is, without the restraint of this 15 per cent excise tax—their sales would increase, they would pay more sales tax, and would also be subject to income tax.

As I have pointed out, they say they have now reached the point where there is a diminishing return to the department. If these so-called cereal products are sold not only free of excise tax but also free of sales tax, it would seem that the department is not using all in the same way. I think all hon. members in the committee would agree that the government has never tried to place a business in a position where it could not operate. They have always endeavoured to be helpful and I think in this instance the government would do well to amend the regulations and exempt popcorn. I am appealing on behalf of this company which is situated in the village of Tweed. This is a small village without a great many industries and the W. T. Hawkins Company has been giving considerable employment.

As 95 per cent of popcorn products are now outside the act as far as excise taxes are concerned, I think the government might very well permit this company to market their products tax free. Could the parliamentary assistant inform the committee whether this could be done? I see no reason why it could not.

Mr. Lesage: The candied popcorn to which my hon. friend has referred competes with candy and not with cereal breakfast foods which have been mentioned.

Mr. Graydon: It competes with popcorn, which does not pay anything.

Mr. Lesage: This is candied popcorn which competes with candy. As a matter of fact, there is a decision of the tariff board that it is a substitute for candy and taxable as such 15 per cent excise tax and 10 per cent sales tax. As the members of the committee know, the government does not want to do anything that might ruin a business, and this matter will receive further consideration.

Mr. Graydon: I think it had better.

The Deputy Chairman: Shall we go into the section of the schedule dealing with farm and forest. Then on page 10, engines, and on page 11, mines and quarries. The next section is marine and fisheries.

Mr. McCann: I move:

That schedule III be further amended under the heading "marine and fisheries" by deleting in the second line of the fourth paragraph the words, "not exceeding one and one-half inches in circumference", and substituting therefor the words "or nylon".

Mr. Robichaud: May I suggest to the parliamentary assistant and the officials that there should be no objection to enlarging the proposed amendment so as to exempt steel or wire rope used by fishermen from the sales tax. Has that matter been considered?

Mr. Lesage: The matter has been considered but it was not found advisable to do it at this time. The exemptions from sales tax are spread so that they will cover all kinds of ropes made of vegetable substances or nylon. This latter item was suggested by the fisheries council. It is an important step and also the officers of the Department of National Revenue want to acquire experience in connection with these exemptions. As my hon. friend knows, exemptions such as the present can be granted only under a system of conditional certificates of use. In the case of ropes for fishing purposes it is easier to verify that most of the rope sent to a fishing district will be used for fishing purposes and thus be exempt.

Wire rope is used mostly in the contracting business and in connection with power winches, the digging of wells and so on. Only a very small portion of wire rope would be used directly in fishing. It is felt that the control would be much more difficult. As I said, the officials of the department wish to acquire experience in connection with the extensions given this year by the amendment just proposed.

Mrs. Fairclough: Is it not true that wire rope was placed in a different class for tariff purposes when used for fishing? How do you explain that in the light of your statement now that it is difficult to say what proportion is used for that purpose?

Mr. Lesage: Control is much easier at customs. I think my hon. friend will agree that anything coming through customs can be controlled there, but this product might be sold by a manufacturer and could not be controlled by the officers of the department.

Mrs. Fairclough: I do not follow that at all. Do you mean to tell me that no one but the ultimate user of the rope actually imports it?

Mr. Lesage: I am informed that it is not very easy. All these conditional certificates create difficulties and that is why it is not thought advisable to extend these exemptions too widely and too suddenly. We have to go step by step and acquire experience.

Mrs. Fairclough: I can understand that, but I cannot understand why the rule that would apply to the tariff would not apply to the sales tax. The hon. member for Gloucester has asked for the elimination of the sales tax on this wire rope. Apparently it could be handled for tariff purposes and I cannot see why you cannot handle it for the purposes of the sales tax.

Mr. McCann: One tax has already been lowered.

Mrs. Fairclough: For fishing purposes. You had to separate it in that case.

Mr. McCann: You have to get some revenue.

Mr. Robichaud: The parliamentary assistant has referred to the recommendation of the fisheries council of Canada. Was that in the form of a brief or letter dated March 23, 1953, which asked for the exemption from sales tax of rope exceeding one inch and a half in circumference?

Mr. Lesage: That is right.

Mr. Robichaud: According to the statement made by the parliamentary assistant, as reported on page 3265 of *Hansard* of March 25, this was a brief or letter from the fisheries council of Canada which was received in the office of the Minister of Finance on March 23.

Mr. Lesage: I do not see what that has to do with this matter, but I believe that is what I said.

Mr. Robichaud: It has this to do with it. The parliamentary assistant seems to be directing all the credit for this amendment to the fisheries council of Canada.

Mr. Lesage: If my hon. friend wants me to name all the persons and organizations that have made representations on this matter I would start with the Minister of Fisheries who made his representations long before the hon. member for Gloucester.

Mr. Ashbourne: I should like to express at this time the appreciation which I am sure the fishermen of Newfoundland feel at the introduction of this amendment. This is a further indication to them of the great interest which this government is taking on their behalf. I feel sure that it will be most welcome at this time because, as has already been said by the parliamentary assistant, there have been many requests for exemptions to permit the bringing in of

additional sizes of cordage. As the committee will readily understand, so far as fishing is concerned cordage is one of the most important items that the fisherman has to provide. Many of the materials and fibres that go into the making of cordage have to be imported from other countries. We are dependent upon outside sources for them and, so to speak, we are bound to pay the prices which they ask for the materials. Today, when prices of the products of the fisherman are going down, when he is not getting so much for his catch as he did in past years, I think this amendment will be most welcome to the fishermen of Newfoundland.

Mr. McLure: You have added the word "nylon"?

Mr. Lesage: Yes.

Mr. McLure: There is one other point. It refers to rope not exceeding one inch and a half.

An hon. Member: That has been struck out.

Mr. McLure: Is it rope of any size now?

Mr. Lesage: That is right. That is the purpose of the amendment just moved by the Minister of National Revenue.

Mr. McLure: Any size?

Mr. Lesage: Any size of rope.

Amendment agreed to.

The Deputy Chairman: We will now take up the next paragraph, "Charitable, health, etc."

Mr. Knowles: I hope there may be an amendment to this section. Do I see one coming up?

Mr. Lesage: No, not at this time.

Mr. Knowles: I wish to express my deep regret, and I am sure the regret and disappointment of a great many Canadians, that the government has not seen fit to widen the list of drugs that are free from the provisions of the Excise Tax Act, including in some cases excise tax as well as sales tax. The government makes a great deal of the fact that it does exempt the few drugs that are listed here, ACTH, cortisone, insulin and radium, together with liver extract. But as the parliamentary assistant knows, and as the Minister of National Revenue knows from his own experience as a medical doctor, there are a great many drugs that are prescribed by doctors to Canadians today which are costing the Canadian people far more than they should. One of the reasons they are costing so much is the taxation on these drugs imposed and collected by the Canadian government.

[Mr. Ashbourne.]

I have in mind some of the new drugs that have come into use in recent years which are most helpful to people. I thing of the drugs that are referred to as antibiotics. I think of the drugs that are prescribed for people suffering with various heart disorders, not to mention the great many now ordinary drugs such as vitamin preparations and so on which are really helpful to the health of the Canadian people. I must say that I for one—and I am sure a great many people feel this way—cannot see any reason at all for the terrible slowness on the part of the government in extending this list. I hope that even yet consideration may be given to the matter. We have all had experiences with these items ourselves and we are running into people all the time who are helped by such drugs. But when one has to pay 50 or 75 cents or $1 or more for a single pill that is new and very helpful, it frequently detracts from the good that is done by these medicines because they cost so much. I think that the government, which is so slow to come along with a national health program, might at least make this contribution to the health of the people and reduce the cost of these expensive drugs by including many more drugs than are now included in the list of those exempt from the sales tax.

Mr. Murray (Oxford): Does the sales tax exemption apply only to liver extract for injection purposes or does it apply to liver extract taken orally for anaemia?

Mr. Lesage: The answer is that it applies to both.

The Deputy Chairman: We will now proceed with the heading "Printing and educational".

Mr. Murphy: I should like to say a word here. I do not know whether I am in order. I spoke to the parliamentary assistant yesterday about the matter. It has to do with magazines, and I am only mentioning it because it is included on page 12 in an indirect sort of way. The situation is that United States magazines shipped into Canada carry an additional charge of $1 a year. I want to read a paragraph or two from a letter from *Forbes Magazine of Business* in reply to a complaint by a Canadian subscriber. The two paragraphs will place the situation before the committee, and then I should like to have an answer, if possible. The letter reads in part as follows:

As I explained in my previous letter, the charge was set up originally—

That is the $1 a year extra.

—to cover the additional cost of handling Canadian subscriptions due to extra postage and import duties which Canada has imposed from time to time on our magazines.

I think the next paragraph is important.

We are fully aware that at the present time there is no import duty on our publication but we have left this special handling charge intact awaiting future developments.

Mr. Lesage: There is no sales tax on magazines coming from the United States.

Mr. Murphy: I understand there is not. I wonder if this is the right place to argue this point. United States magazines come into Canada at a charge $1 a year higher than the charge in the United States. For instance, Detroit is across the river from Windsor. The same magazines are shipped to Windsor as are shipped to Detroit but they are sold at a higher price in Canada because the publishers say:

We are fully aware that at the present time there is no import duty on our publication but we have left this special handling charge intact awaiting future developments.

Why should Canadians have to pay that extra dollar which is now going into the hands of United States publishers? If they are going to get it and we are going to have to pay it, then let the department consider some tariff or sales tax on these United States publications. There is no reason why Canadians should pay the extra dollar when Americans do not have to. At the same time the United States publication is permitted to come into this country and to be sold at a higher price. The United States publisher charges $1 a year extra for the same magazine.

Mr. Lesage: If there were a sales tax or an increase in import duties then the $1 extra charged by the publishers, not by the Canadian government but by the publishers and over which the Canadian government has no control whatsoever, could be increased to $2 or $3.

Mr. Knowles: That is the way taxes pyramid, all right.

Mr. Lesage: Do I understand that the hon. member is suggesting that we impose other taxes? If we did so I would suppose that the spread, instead of being $1, would be greater. We have no control at all over subscription rates on United States magazines.

Mr. Murphy: I am afraid the parliamentary assistant does not get my point. I want the record clear and I am sure he does too. As I said before, I do not know whether this is the right moment to argue this point.

The Deputy Chairman: I am afraid this is not properly brought up under "Printing and educational". I wonder if the hon. member might not bring it up at some other time.

Mr. Murphy: Well, Mr. Chairman, on page 12 at the beginning of the second paragraph it says:

—newspapers; magazines and literary papers unbound—

They are included in the section. I certainly apologize to the committee if this is not the proper time to raise the question; however, I think it is the proper time for someone to bring this to the attention of the government. We as Canadians are being penalized this extra dollar because the United States publishers say that at some time we may make some change in respect of customs or excise duties. At the present time no change has been made and none is contemplated; but as a result of the uncertainty we are being charged a dollar a year for these United States magazines. If they are going to charge us this extra dollar I suggest that it might be a means of the government obtaining revenue. Canadians are paying it, and we should not be required to do so. If the Americans are going to get an extra dollar from the Canadian people then let them put that dollar into the Canadian treasury.

Mr. McCann: The only remedy is to refuse to buy their magazines.

Mr. Murphy: No, that is not it. I think this is a matter that deserves the attention of the government and I think the minister would agree with me that there is no reason why he, living in Windsor, should pay a dollar a year more for a magazine than if he were living in Detroit. They are supposed to be the same price on both sides of the border. The excuse which is given is silly. I think it is time the matter was brought to the attention of the government, and I have appreciated this opportunity. I will repeat what they say:

As I explained in my previous letter, the charge was set up originally to cover the additional cost of handling Canadian subscriptions due to extra postage and import duties which Canada has imposed from time to time on our magazines.

I will let that stay on the record so it will be there for your officials to consider.

We are fully aware that at the present time there is no import duty on our publication but we have left this special handling charge intact awaiting future developments.

I am finding no fault with the department but you now have it on the record so some action may be considered.

Mr. Smith (Moose Mountain): Write a letter to Washington.

The Deputy Chairman: Have we finished the discussion on "Printing and educational"?

Mr. Browne (St. John's West): I would like to ask one question of the parliamentary assistant. Under the expression "cultural" I presume music is included. Are all kinds of books of music included under that word on page 12?

Mr. Lesage: Music books if bound, and with no advertising, are exempt from sales tax; but sheet music, that is to say loose pages folded, or merely inserted one within the other and not fastened, are subject to sales tax.

Mr. Graydon: Why?

Mr. Lesage: They are not bound books.

Mr. Graydon: You are penalizing the choirs of Canada by that.

Mrs. Fairclough: The other day when we were considering this I asked the parliamentary assistant about church service papers. I think there may be some confusion in the terminology and I know that a great many churches refer to what basically are service papers as calendars, because they are published weekly. Others call them service papers, which they rightly are. They are part of the service. In some cases, a great many cases of which I know, they record parts of the service on those papers—sometimes hymns and so on that are used in the service.

Will the parliamentary assistant say whether this has been taken into consideration? These have always been subject to sales tax, but it seems to me they are items that should be exempt from sales tax just like hymn books or lesson cards for Sunday schools. They are part of the service.

Mr. Fraser: They have the program for the day or week.

Mr. Lesage: As I said the other day when the same question was raised, there are general rules. If these—let me call them bulletins—qualify, if they are published more than four times a year, and if they qualify under the general rules, they will be exempt. Suppose you have one of these bulletins that is issued more than four times a year and it contains only news of what happens in the parish or in the congregation in a community, and if you have some hymns printed on it for the attention of and to induce members of the community to pray, that bulletin would be exempt. There is no doubt about that; but every pamphlet must be examined separately to see whether it comes within the regulations.

Mrs. Fairclough: These are in quite common use, Mr. Chairman, and they have always been taxed.

[The Deputy Chairman.]

Mr. Lesage: I would like to see one and I could tell you—

Mrs. Fairclough: I will get you a whole collection of them. I think very definitely they should be exempt from sales tax because they are part of the service.

Mr. Lesage: If the hon. member will get one of these pamphlets or bulletins and take the matter up with me, I shall be delighted to discuss it. She has already brought certain matters to the attention of the department, and she has been quite successful.

The Deputy Chairman: Have we finished the discussion on "Printing and educational"? Shall we proceed to the next section, "Diplomatic"?

Mr. Knowles: May I ask the parliamentary assistant if he will tell us how these exemptions are administered, particularly the first one which relates to articles for use of the Governor General. How does the Governor General go about getting the exemption that is accorded to him with respect to the payment of sales tax? Does he pay the tax on the articles and get a refund or, if he goes into a store to get an article, does he get it at a price minus the sales tax? How does it work? At the same time would the parliamentary assistant tell us whether this covers all articles purchased for the use of government house; and what about use elsewhere of articles which the Governor General might purchase.

Mr. Lesage: The answer to the question is that this covers what is bought for government house, for the furnishing of government house. The Governor General issues a certificate that the purchase is for his use or the use of government house, and that is the way it is exempt from tax. Now, sir, I draw your attention to the fact that there is no amendment to this part of the schedule and the question which has just been asked—and this is true of other questions—would be more relevant to the administration of the Department of National Revenue. I do not want to enter into a discussion at this point—

Mr. Knowles: I do not think the parliamentary assistant should raise that point. After all, this is a bill which is repealing a schedule and enacting a new one. I submit that since we are enacting a new schedule we have the right to ask questions about any of the items in it.

Mr. Lesage: I do not want to quarrel over this, and I agree that we are enacting a new schedule. I was just questioning this way of proceeding for the sake of speeding the business of the house.

Mr. Knowles: It did not work, did it?

Mr. Lesage: No, not this time. The question asked by the hon. member for Winnipeg North Centre is more related to the administration of the act and I felt it could be asked of the Minister of National Revenue when his estimates are up. I do not quarrel with it, though, and the Minister of National Revenue is here and will help me.

Mr. Knowles: Since we are enacting this schedule, we have a right to know how it works. How are these certificates used? Are they used for the purpose of obtaining a refund or are they used in order to make possible the purchase of goods at a lower price than other people pay for them?

Mr. Lesage: The certificates are given to the vendor, who claims a refund.

Mr. Fraser: May I ask one question about the second paragraph. There is one line dealing with the governor general, and then there is another paragraph which says:

Articles imported for the personal or official use of . . .

I just wondered if in the first line covering the governor general we should not put in the words, "articles for personal use."

Mr. Lesage: Articles for personal or official use?

Mr. Fraser: Yes, the same as the wording used for diplomats.

Mr. Lesage: Well, I do not know to what extent it would be correct for us to try to put restrictions upon the representative of Her Majesty the Queen. I do not see why we should say, "Your Excellency, this is only for your personal and official use; you had better be careful." I believe it is much more respectful to use the wording:

Articles for the use of the Governor General.

Mr. Fraser: The reason I make the suggestion, Mr. Chairman, is that the United Kingdom high commissioner to Canada is included in the second paragraph, and the high commissioner is a representative of Her Majesty.

Mr. Lesage: No, I am sorry, the United Kingdom high commissioner to Canada is a representative of the government, not of the Queen.

The Deputy Chairman: Shall we proceed to the next section, "Certain building materials"?

Mr. Black (Cumberland): Before this section is passed I should like to get confirmation of this fact. As I understand it these building materials, such as brick, plaster, lumber, paint, glass and furnaces, which are important materials, have not been subject to sales tax in the past. There is no change in this schedule?

Mr. Lesage: None at all.

The Deputy Chairman: Shall we proceed to "Coverings"?

Mr. Pearkes: I understand that the term "coverings" includes all kinds of wrappings and packings in connection with every group of articles which may be imported into this country. The wrapping might be around chinaware, for instance. Am I correct in assuming that if the articles in question are admitted free of charge, then there is no sales tax on the actual wrappings which surround those articles?

Mr. Lesage: That is correct.

Mr. Pearkes: But I understand if those articles have to pay sales tax, then the actual wrapping itself is also subject to the tax. It seems to me that most of this wrapping is quite useless. It cannot be sold again. It consists of shavings, wood wool and so forth. Is it really the intention to charge the sales tax on goods which are not saleable and which there is no intention to sell in this country? Some of these wrappings are charged on the invoices at a fairly high rate, and sometimes these invoices show the wrapping separately. I wonder if the parliamentary assistant could explain exactly what the situation is, because it does seem to me to be quite unreasonable to charge sales tax on the wrapping for which there is not the slightest use in this country.

Mr. Lesage: The sales tax is charged on the duty paid value of the imported article including the wrapping. Suppose you import an article which is in a wooden case, and the total value of the article is, let us say, $5. In order to try to avoid paying the full sales tax you could make two invoices, one invoice for the goods at $1, and one invoice for the wooden case at $4. In this way you would only pay sales tax on $1, and that is the danger. I believe that is one of the main reasons why, for sales tax purposes, the imported article has to be taxed as wrapped.

Mr. Pearkes: Then provided there is a separate invoice made for the wrapping do I understand there is no sales tax on that wrapping?

Mr. Lesage: I just said the contrary. The example I gave was to illustrate one of the difficulties that would arise if the sales tax was not charged on the duty paid value of the imported article as wrapped.

The Deputy Chairman: We shall proceed now to "Fire brick, refractories, etc." and then to "Processing materials".

Mr. Low: Will the parliamentary assistant explain the difference between material that is consumed and material that is expended directly in the process?

Mr. Lesage: Acids, for instance, are expended in the manufacture of soap; soda ash used in filtration plants for the filtration and purification of water; bone char used as a filtering agent by sugar refineries of the production of sugar.

Mr. Low: And catalysts?

Mr. Lesage: Those materials are not completely consumed. There is always something that remains but which cannot be used any more.

Mr. Low: Would catalysts also come in that list?

Mr. Lesage: Yes.

Schedule III agreed to.

Title agreed to.

Bill reported, read the third time and passed.

YUKON ACT

REVISION AND CONSOLIDATION—AMENDMENTS RESPECTING TERRITORIAL COUNCIL, ADMINISTRATION OF JUSTICE, ETC.

Hon. Robert H. Winters (Minister of Resources and Development) moved the second reading of Bill No. 230, to provide for the government of the Yukon Territory.

Mr. Black (Cumberland): Mr. Speaker, I think we should have from the minister some explanation as to the effect of this bill.

Mr. Winters: I shall be glad to give that, Mr. Speaker. The main purpose of this bill is to revise and consolidate the Yukon Act. The act is now contained in chapter 215 of the Revised Statutes of Canada and in four amending acts passed in the years 1940, 1941, 1948 and 1951.

Hon. members will recall that in the last amending act provision was made for increasing the number of the members of the council from three to five by establishing two new electoral districts in the Whitehorse area. This change is now effective. The election of the members of the new council took place last summer and the first meeting of the enlarged council was held in October. It will be recalled that the elected council has legislative authority but that it does not have executive authority.

The Yukon Act was first passed in 1898. The last revision was in 1927. With the continued and healthy growth of the territory, especially within the last decade, it is desirable that the act should now be revised. The legislative powers conferred upon the commissioner in council by the present act are in most respects similar to those conferred upon provincial legislatures. There are, however, several subjects over which the provinces have jurisdiction and with respect to which it is now proposed to confer jurisdiction upon the commissioner in council. These are roads, wills, the property of married women, coroners and inquests, controverted elections, the establishment and maintenance of hospitals, and agriculture. At the present time all these matters are within the jurisdiction of parliament, and cannot be legislated upon by the commissioner in council. It is proposed to drop from the act the sections relating to them, and appropriate ordinances will be enacted by the Yukon council.

There are in the present act a number of sections relating to criminal matters. Appropriate equivalent sections will be contained in the new Criminal Code. These are therefore no longer necessary in the Yukon Act and authority is being sought to drop them.

The bill would confer jurisdiction upon the commissioner in council to make ordinances for the borrowing of money by the commissioner for the purpose of meeting the annual expenditures pending the receipt of territorial revenues. For example, difficulty has been experienced in financing the yearly bulk purchases of liquor stocks. This will be overcome if power is given to the commissioner to borrow the necessary funds for such purpose. Again, the bill seeks to give the commissioner in council the right to pass ordinances authorizing the commissioner to borrow money for the purpose of making loans to municipalities for the construction of municipal works, and to authorize him to make such loans. It is proposed, however, that no money shall be borrowed or lent without the approval of the governor in council.

Authority is also being sought to give the commissioner the right to hold land for the beneficial use of the territory. As hon. members know, all crown lands in the territory are under the administration of the federal government and are in the name of the crown in the right of Canada. In carrying on the government of the territory it is necessary for the commissioner to hold or acquire land for territorial purposes, such as property required for public buildings, schools, hospitals and other works. At present no such authority exists.

Another section of the bill would confer upon the governor in council the power to make regulations concerning reindeer. They are the property of the federal government and therefore are not within the legislative

powers of the commissioner in council. While all the herds of reindeer are now located in the Northwest Territories, it may be that in the future it will be expedient to move some of them into the Yukon. In such an event regulations will be required to provide for their control and management.

In recent years a number of interesting archaeological discoveries have been made in the Yukon and no doubt there will be many more in the years to come. It is desirable that the sites should be preserved, and the bill therefore seeks authority to give the governor in council the right to pass regulations for this purpose.

There are several other minor amendments which members will note as the various sections are reviewed by the committee of the whole. I might add, however, that in carrying out the revision of the act we have attempted to have it follow the pattern of the new Northwest Territories Act which was enacted at the last session of parliament. The bill before us contains 54 sections. Of these only 14 either are new or embody substantial changes from the present act. The remaining 40 sections are intended chiefly to effect the consolidation. They embody no substantial change from the provisions of the present act.

The present act with amendments to date contains 132 sections. Seventy-four sections are being dropped. As mentioned, the sections refer to criminal law, married women's property, wills, coroners and jurors and other miscellaneous subjects.

The Yukon Territory is an area rich in natural resources. Prospecting is active and interesting discoveries are being made. It also has one of the most fascinating histories of any part of Canada and it seems important to provide the type of legislation which will encourage its growth and development and at the same time protect the reminders of its colourful past.

Hon. members who have noted the number of times they have been invited in recent years to amend legislation affecting our north country will I am sure regard this bill as a further indication of the government's interest on behalf of the people of Canada in this vast and increasingly important area.

Mr. W. J. Browne (St. John's West): Mr. Speaker, I do not know much about the Yukon. I have heard of the trail of '98, and I know that, as the minister has said, it is a country that has stirred the imagination of people who have read the poems of Service; but principally we associate it with gold mining and, as he says, with reindeer. It seems to me that an act of this kind which is so fundamental, being a new constitution for the territory, should more properly be considered by a committee than in the whole house. I am wondering whether there is any such committee to which this bill could be referred so it might be considered section by section.

I realize that the revision contains many sections which are in the existing bill and which would need little consideration; but it seems to me that the new sections are different and comprehensive and cannot easily be considered in committee of the whole house. I therefore wonder whether a measure which is so important as is this should not be referred to a committee. I believe the progress would be rapid, and I think the result would be more satisfactory to the people concerned if it were considered in that manner.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Robinson in the chair.

On section 1.

Mr. Graydon: Mr. Chairman, I wish to direct a question to the minister purely from the point of view of obtaining some information in connection with the bill itself. What is the present population of the Yukon Territory? The reason I ask the question is this. I suppose that to the population up there there are disadvantages to being created a province. I am not advocating that procedure because I am not in a position to do so; I do not know the situation well enough. But I am wondering what the disadvantages are, both with respect to the Yukon and the Northwest Territories, from the standpoint of incorporation as a province and generally what the governing factors are in this question as to a territory becoming a province. What do the government or the people themselves regard as the governing factor in that decision?

Mr. Winters: The population of the Yukon territory, as revealed by the 1951 census, was 9,096. Of this total approximately 1,500 were natives. The governing factor as to whether or not these territories should be considered on a basis of provincial status is whether or not they can afford normal provincial services. Both the Yukon Territory and the Northwest Territories are vast in extent but contain a relatively small number of people, and a relatively smaller proportionate revenue is derived from normal sources.

They simply cannot finance the type of services the other provinces have come to expect. I believe the only way they can be

financed adequately for the time being is by all the people of Canada through the federal government.

Mr. Graydon: I think that answers the inquiry. I had the idea that the population of the Yukon was greater than that; otherwise I would not have asked the question. What is the population of the Northwest Territories?

Mr. Winters: It is of the order of 10,000, speaking from memory.

Mr. Pearkes: Having spent three very happy years in the Yukon as a young man I am delighted to see that the progress of that part of Canada has justified the bringing in of this new legislation. I am certain it will be of great benefit to the Yukon. Undoubtedly that area has progressed a long way since the trail of '98.

Perhaps the determining factor in the future development of the Yukon will be water power, rather than gold. Does this legislation give full control over water power within the Yukon to the council or to the minister? I am convinced that water power is the essence of the future development of the Yukon.

Mr. Winters: No change is contemplated in the control over water power. The authority rests in the parliament of Canada to make regulations respecting water power in the Yukon and Northwest Territories.

Mr. Browne (St. John's West): What is the area of the Yukon Territory? I notice that the schedule sets out dimensions, description and location, but not the area.

Mr. Winters: The land area of the Yukon Territory is 207,076 square miles.

Mr. Browne (St. John's West): What are the names of the commissioners?

Mr. Winters: The commissioner of the Yukon Territory is Mr. Brown. There are five elected members of the council, as follows: Carmacks, Mr. A. R. Hayes; Mayo, Mr. A. Berry; Dawson, Mr. V. C. Mellor; Whitehorse East, Mr. J. L. Phelps; Whitehorse West, Mr. F. D. Locke.

Mr. Browne (St. John's West): What connection has Major General Young with the Yukon administration?

Mr. Winters: Major General Young is deputy minister of the Department of Resources and Development. Under the Yukon Act the administration of the Yukon is by instructions given the commissioner from time to time by the governor in council or the minister. Through that connection the deputy minister of the department is in constant touch with the administration of the Yukon Territory.

Mr. Black (Cumberland): Who has the responsibility and authority in connection with areas in that territory containing gold and other minerals? Are those areas administered by the commissioner and members of the council, or by the department here in Ottawa?

Mr. Winters: Gold mining comes under the Yukon Quartz Mining Act, a federal statute. Placer mining of gold comes under another federal statute, the Yukon Placer Mining Act. Other mining operations come under the Territorial Lands Act, a federal statute having application in the Northwest Territories and in the Yukon.

Section agreed to.

On section 2—*Definitions.*

Mr. Black (Cumberland): What revenues are collected within the territories that are available to the commissioner and members of the council? What additional funds are required and authorized by parliament, and assigned to the commissioner and his associates, to carry out their responsibilities?

Mr. Winters: In 1951, the last year for which I have statistics, revenues amounted to $1,848,000, while total federal expenditures were $5,626,000.

Mr. Black (Cumberland): I understand that the $1,848,000 was raised by the commissioner and his council within the territory, and that that amount was available for expenditure by them. Then there was a further appropriation by this parliament amounting to around $4 million. For what purpose was it used?

Mr. Winters: It is used for the normal provincial expenditures on highways and the like. Highway costs are very high, in relation to the number of people using them and the vast area covered. There has been an extensive program of highway construction, including the great highway from Whitehorse to Mayo. We are now trying to extend that from Stewart Crossing, near Mayo, to Dawson city. Then there are further expenditures for welfare, education, and all those other items found in the provinces.

Mr. Black (Cumberland): Would the minister give the expenditures under the headings of highways, education, and any others there may be, through which the $5 million is used?

Mr. Winters: For the fiscal year 1952, for example, the expenditures on the Yukon council were $11,875; for territorial offices,

$56,569; education, $177,224; public works, $39,447; health and public welfare, $238,476; municipal administration, $79,374; game and publicity, $18,270; general and unforeseen, $10,051; department of roads and bridges, $484,025.

Section agreed to.

Section 3 agreed to.

On section 4—*Administration of the government.*

Mr. Knowles: Can the minister state where the line is drawn between instructions given to the commissioner by the governor in council and instructions given to the commissioner by the minister?

Mr. Winters: In practice the instructions given by the minister would be those having to do with administration, and not normally having to do with fundamental questions of policy. If there are policy decisions to be made, they are normally referred to the commissioner by the governor in council.

Section agreed to.

On section 5—*Appointment of administrator.*

Mr. Browne (St. John's West): Does "absence" mean absence from the territory?

Mr. Winters: Yes.

Section agreed to.

Section 6 agreed to.

On section 7—*Salaries.*

Mr. Low: What is the present salary of the commissioner?

Mr. Winters: The salary of the commissioner is approximately $6,000.

Mr. Browne (St. John's West): Reference is made to the salary of the commissioner and of the administrator. If the position of administrator is to be temporary, should he be paid compensation or remuneration rather than salary?

Mr. Winters: If there is an administrator he would be paid a salary. During the time I have been responsible for the administration of the Yukon it has not been necessary to appoint an administrator.

Mr. MacInnis: What was the purpose of making provision for an administrator? Is it contemplated that at some time the commissioner and council might be superseded by an administrator appointed by the governor in council?

Mr. Winters: The provision is made in the event of absence from the territory for any reason of the commissioner, in which event the government would be under the direction of the administrator.

Section agreed to.

On section 8—*Seat of government.*

Mr. Black (Cumberland): Where is the present seat of government for the territory?

Mr. Winters: The present seat is at Whitehorse.

Mr. Follwell: Is there any reason to expect that it may be changed from time to time?

Mr. Winters: There may be reason to change the seat of government, although I would not say it might be necessary from time to time. As hon. members know, for many years the seat of government was at Dawson, which was the centre of activities following the gold rush of 1898. At one time Dawson was one of the largest cities in Canada. Its population has receded until there are now only a few hundred people. On the other hand Whitehorse has grown markedly in population. Being on the Alaska highway it is the centre of communication and much more accessible. The administration of the Yukon can be carried out much more expeditiously, efficiently and economically from Whitehorse than from Dawson. Several years ago it was decided to move the administrative headquarters from Dawson to Whitehorse, and that move was made recently.

Mr. Graydon: Whitehorse is where George and Martha Black live.

Section agreed to.

Sections 9, 10 and 11 agreed to.

On section 12—*Sittings separate from commissioner; sanction of bills.*

Mr. Knowles: I note that a change is being made in the wording of this section and I wonder if that indicates a change in practice. Perhaps I can get my point over by asking a question. Does the commissioner in practice assent automatically to bills passed by the council in the way the governor general and lieutenant governors assent to federal and provincial legislation, or does he exercise the prerogative of veto on instructions from the minister?

Mr. Winters: Under the existing legislation the commissioner has the power of veto, but we think he should not have that power, that that should be reserved to the governor in council. The change is being made accordingly in this bill. In my experience there has been no occasion on which he has exercised the power of veto.

Mr. Knowles: That is the reason for the change?

Mr. Winters: That is the reason for the change.

Mr. Browne (St. John's West): Has the minister studied the form of commission government under which Newfoundland operated from 1934 to 1949? I think he would get some ideas from such a study. That commission consisted of six men with the governor sitting in as chairman. I notice that here the commissioner does not sit in with the council. He is supposed to be a man especially selected by the governor in council and should be the ablest man of the lot because of his special qualifications. Probably he would come from outside the territory. The other men are going to be elected by popular ballot and they may benefit from some person of experience to help them and make suggestions.

Mr. Knowles: Don't you believe in democracy?

Mr. Browne (St. John's West): Certainly I believe in democracy, but I believe also in precedent. Here we have a council of five members, and then in the next section provision is being made for a Speaker. A majority of the council would be three members who, including the Speaker, would constitute a quorum. I think it is worth considering having the commissioner preside at council meetings.

Mr. Winters: We have considered that and decided that the best operations would result if the commissioner did not sit in with the council. Perhaps the main difference between this council and the one that acted in Newfoundland is that in this instance it has no executive authority, its authority being legislative only.

Section agreed to.

On section 13—*Quorum.*

Mr. Knowles: How does the Speaker get appointed? I have looked at the act and can find no reference to the Speaker in the definitions or anywhere else.

Mr. Winters: The Speaker is appointed by the council and is one of the members of the council.

Mr. Knowles: Should not there be some provision for that? It just seems as though he is picked out of thin air.

Mr. Browne (St. John's West): Has the minister power under the act to issue general instructions as to procedure in connection with such things as the election of the Speaker? I think it would be wise to have something of that kind.

Mr. Winters: I suppose under the general authority given to the minister that could be done, but we have left it to the council to conduct its own business and to devise ways of doing so. That has been found to be satisfactory. Leaving to the council the right to select a chairman or, as we call it here, a Speaker, has worked satisfactorily. There has been no question about it so far and I am sure there will not be.

Mr. Graydon: Would the minister take another look at this section to see whether there should not be something added before the word "Speaker"? I am somewhat impressed by the suggestion of the hon. member for Winnipeg North Centre. I am simply trying to be helpful. It may be there should be something that has just been left out.

Mr. Winters: I shall be glad to do that. There is no change from the existing act in that respect, but I do not believe the hon. member for Peel would wish the legislation held up on that account. I will look into that.

Mr. Knowles: Has the minister the other act there? I see that the explanatory note on the opposite page says there is no change in substance. Has the minister the actual wording of the previous section 16?

Mr. Winters: The previous section 16 read as follows:

A majority of the council, including the Speaker, shall form a quorum.

Mr. Browne (St. John's West): Might I suggest that there might be a subsection 3 added to clause 9 which would read something like this, that the person obtaining the largest majority should be the Speaker, or that the council shall have the power to elect a chairman or Speaker.

Mr. MacInnis: The word "Speaker" in section 13 is not the most appropriate term that could be used for a council of this size. The word "Speaker" is used for the officer presiding over a parliament or other body having the functions of a parliament. In this case I think the term "chairman" would be much more appropriate both with respect to the functions which the council has to discharge and the number of members on the council. A chairman chosen from one of their number would be much more fitting, so far as the term is concerned, than "Speaker".

Section agreed to.

On section 14—*Governor in council may prescribe the qualifications of electors, candidates, etc.*

Mr. Black (Cumberland): This clause seems to grant very exceptional powers. I should like the minister to explain why they are necessary. The clause reads in part as follows:

—the commissioner in council may prescribe the qualifications of those entitled to vote at an election of members of the council and of those eligible for nomination and election as members of the council and the reasons for or matters by which an elected member may be or become disqualified from being or sitting as a member of the council.

Under our system of government it would seem to me that very autocratic powers are being granted to the commissioner in council. I should like the minister to explain why they are necessary and why the bill could not set out the qualifications required. I should like to know why this power should be left to the commissioner and his associates.

Mr. Winters: Hon. members will recall that when the Northwest Territories bill went through the same question was raised. It was considered at that time that if we were going to have what is in effect a local legislature they should have responsibility for and authority over those things that normally fall within the jurisdiction of a local legislature to the greatest extent possible. The qualifications of voters is one of them. The existing legislation reads as follows:

The commissioner in council may prescribe the qualifications of those entitled to vote at an election of members to the council . . .

And so on. We are seeking no powers that were not there before, nor are we seeking any powers that do not normally fall within the jurisdiction of a provincial legislature, or in fact a legislature of this kind which is an elected legislature for these purposes.

Section agreed to.

On section 15—*Sessional indemnity and expenses of members.*

Mr. Black (Cumberland): I see that fees up to $50 per day are being provided for the remuneration of the members of the council. Under these circumstances that would seem to me to be a rather excessive allowance. I think most members would agree that if the commissioners have to travel any distance they should be reimbursed for their out of pocket expenses, but it would appear to me that $50 a day is excessive.

Mr. Winters: As the hon. member knows, living expenses in the Yukon are perhaps higher than in other parts of Canada. This is simply bringing the allowance into line with that provided in the case of the Northwest Territories bill which hon. members passed last year and which established a rate of $50 per day for the Northwest Territories council.

Section agreed to.

On section 16—*Legislative powers.*

Mr. MacInnis: I notice that subsection (g) of clause 16 deals with the solemnization of marriage in the territory. Then subsection (n) deals with the conferring of jurisdiction in matters of alimony upon the court. How is the question of divorce dealt with in the Yukon Territory? The hon. member for Winnipeg North Centre suggests that possibly the law of the old days, when the other fellow was shot, would cover the situation. That might do, but that question must arise because provision is made for jurisdiction in matters of alimony.

Mr. Winters: I must confess that I am not clear on the full answer to that. There is no change from the existing legislation, and I have not gone into it very thoroughly with that in mind.

Mr. MacInnis: Would the minister see what information he can get?

Mr. Winters: I will do that.

Mr. Browne (St. John's West): Subsection (r) has an explanatory note saying there is no change in substance. Can the minister tell me what change has been made in subsection (r) from the former section 28?

Mr. Winters: The former section 28 reads as follows:

The commissioner in council shall pass all necessary ordinances in respect to education; but it shall therein always be provided that a majority of the ratepayers of any district or portion of the territory or of any less portion or subdivision thereof, by whatever name the same is known, may establish such schools therein as they think fit, and make the necessary assessment and collection of rates therefor; and also that the minority of the ratepayers therein, whether Protestant or Roman Catholic, may establish separate schools therein, and in such case, the ratepayers establishing such Protestant or Roman Catholic separate schools shall be liable only to assessments of such rates as they impose upon themselves in respect thereof.

Mr. MacInnis: Has the minister received any representations as to the ability or inability of the people in the territory to raise sufficient funds for educational purposes? How is secondary education handled, or is there any such thing as secondary education in the territory? Has the minister had any representations as to any difficulties experienced by the residents of the territories in providing adequate educational facilities?

Mr. Winters: No, I have had no representations as to the adequacy or otherwise of revenues for education. In Whitehorse, for example, where quite a large percentage of the population is composed of service personnel, the government contributes on a per capita basis to education both in the primary and secondary schools.

Mr. Low: Including the capital costs?

Mr. Winters: Including capital cost. Otherwise we have had no representations.

Mr. Pearkes: May I ask if there are combined Indian and white schools in the Yukon on the same basis as there are in British Columbia.

Mr. Winters: There are, Mr. Chairman.

Mr. Knowles: Perhaps I might seek to answer the question asked a moment ago by my colleague the hon. member for Vancouver East, and to which the minister did not seem to know the answer. If one looks ahead to sections 31 and 35 of the act he will find that the court in the Yukon Territory is given authority in all civil cases, and so on, and apparently that must include divorces; because when you read section 35 you find that the court of appeal for the Yukon Territory is the court of appeal for the province of British Columbia. Section 35 (2) (g) refers to actions for divorce or judicial separation as being amongst the classes of cases that can be dealt with from the court of the Yukon in the appeal court of British Columbia. Apparently divorces from the Yukon Territory do not come here to parliament because they have their own court.

Mr. Browne (St. John's West): I would like an answer to that question if the minister can find one. I do not believe there is any divorce in the Yukon because there is no power for it.

Mr. Winters: I am told that the governing section is section 22 which reads:

> Subject to the provisions of this act, the laws relating to civil and criminal matters and the ordinances in force in the Northwest Territories on the 13th day of June, 1898, shall be and remain in force in the territory, in so far as the same are applicable thereto, and in so far as the same have not been or are not hereafter repealed, abolished or altered by the parliament of Canada, or by any ordinance.

Section agreed to.

Sections 17 and 18 agreed to.

On section 19—*Borrowing.*

Mr. Black (Cumberland): Before section 19 carries, may I ask the minister whether any moneys have been borrowed up to the present time under the act?

Mr. Winters: There have been no moneys borrowed.

Section agreed to.

Sections 20 to 34 inclusive agreed to.

On section 35—*Meaning of court of appeal.*

Mr. Browne (St. John's West): On section 35, has the minister found out whether in the Northwest Territories there is power for divorce?

Mr. Winters: There is.

Section agreed to.

Sections 36 to 44 inclusive agreed to.

On section 45—*Power to hold lands.*

Mr. Pearkes: Do the lands covered in section 45 carry the mineral rights?

Mr. Winters: The answer is no, Mr. Chairman.

Section agreed to.

Section 46 agreed to.

On section 47—*Manufacture and importation of intoxicants.*

Mr. Knowles: May I ask the minister if he can tell us what the present situation is with respect to the manufacture, compounding or importing into the Yukon Territory of intoxicants. I note that according to this provision, which is more or less the same as it was previously, intoxicants are not allowed into the territory except by permission of the commissioner. I gather that this is not a question that is left to the decision of the territorial council but rather it is a decision made by the commissioner, which in effect means that decisions in this matter are made here in Ottawa. Can the minister say what the present situation is in that regard?

Mr. Winters: As hon. members may remember, two years ago, I think, there was a change made in the Yukon Act to enable intoxicating liquors to be manufactured in the Yukon Territory under the authority of the commissioner in council. That was intended to bring the authority into line with that prevailing in all other provinces in Canada and in the Northwest Territories. There have been no instances where liquor has been manufactured there, so the clause has not been applicable. It has been decided that for administrative purposes it would be very difficult to summon the council to deal with instances should they occur. It is quite different from the situation here, where it is easy to assemble the council. For this reason

it was found administratively desirable to delegate the authority to the commissioner.

Mr. Low: Can the minister say what kind of control is exercised over the distribution of liquor in the territory?

Mr. Winters: It is distributed there in the same manner it is distributed in the provinces of Canada, through liquor stores under control of the government.

Mr. Low: And the commissioner is looked upon as the control officer?

Mr. Winters: Yes.

Mr. Pearkes: Did I understand the minister to say there have been no instances of liquor being manufactured in the Yukon?

Mr. Winters: What I meant to say was that there have been no instances since the legislation was changed two years ago, instances that have come to our attention.

Section agreed to.

Sections 48 to 52 inclusive agreed to.

On section 53—*Export of gold without payment of royalty.*

Mr. Black (Cumberland): I would like to ask the minister for more particulars respecting the authority for mining and the royalties that are payable upon gold that is exported out of the territory. How much are the royalties and what have they amounted to per year over the past five years?

Mr. Winters: I wonder if I might get that information and provide it to the hon. gentleman?

Mr. Black (Cumberland): In the meantime could the minister state what royalty is charged on gold that is procured in this territory?

Mr. Winters: If I may I will provide that information later too.

Section agreed to.

On section 54—*Coming into force.*

Mr. Browne (St. John's West): The question I was going to ask is covered in the note on section 54:

> As many provisions relating to criminal law are in the present act, the new act must come into force on the day the Criminal Code is proclaimed.

That is quite definite. It will depend upon the passage of the Criminal Code.

Section agreed to.

Schedule agreed to.

Title agreed to.

Bill reported.

68108—223

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

An hon. Member: Now.

Mr. Knowles: By leave.

Mr. Winters moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

WATER RESOURCES

ASSISTANCE TO PROVINCES FOR CONSERVATION PURPOSES

Hon. Robert H. Winters (Minister of Resources and Development) moved the second reading of Bill No. 109, to authorize the grant of assistance to a province for the conservation of water resources.

Mr. Herridge: Is the minister going to make a statement?

Mr. Winters: Perhaps I should say a few words about the purpose of this bill, Mr. Speaker. While the bill itself is relatively short, I believe it is of great importance to Canada. Its effects can be both far-reaching and long-lasting.

The conservation of natural resources within the provinces is primarily a provincial responsibility, and there is no desire or intention on the part of the federal government to invade that jurisdiction. The bill is drafted accordingly. Its basic purpose is to enable the federal government to assist provincial governments in carrying out measures of a major character designed to conserve their water resources, and at the same time reduce the hazard of serious flooding.

The interest of the government of Canada in conservation has found expression in the past in a number of important measures which were designed to assist the provinces in respect to special projects of major importance, or to assist them in problems of such wide scope that the finding of a solution was in the national interest. Included among these measures have been the Canada Forestry Act, the Prairie Farm Rehabilitation Act, the Maritime Marshland Rehabilitation Act, the Eastern Rocky Mountain Forest Conservation Act, and the National Parks Act. The results that have been achieved through these acts are well known. I believe all hon. members will agree that Canada has benefited substantially through their operation, and that these benefits will continue to increase as time passes.

We have heard many excellent addresses in this house in the past few years on various

phases of the vast field of conservation. In almost every case it was the expressed wish that more might be done to ensure the conservation of Canada's resources for the continuing benefit of the present and future citizens of our country. It has been pointed out many times that the interests of conservation are quite often opposed to the immediate interests of financial gain, and that too often our resources have been sacrificed for profit.

We all know of many examples where human neglect or lack of knowledge or faulty practices have in the past resulted in forested land being laid waste and farm land turned to desert. We have seen torrents of water pouring down the river valleys from areas denuded of vegetation, to wreak destruction in the cities and towns below. We have seen, too, the dried-up stream beds in heat of summer and urban populations spending large sums in search for adequate water supplies.

Public consciousness of the need for conservation, and of the inherent dangers that lie in faulty practices in the conservation field, has grown with the years. I am sure it is safe to say that the people of Canada are now more conservation-minded than at at any time in our history. The realization of the problem on the part of every citizen is, I believe, the most important factor in achieving the ultimate goal where our renewable resources will be managed in such a manner that they will be, as nearly as possible, available in perpetuity. We have come a long way already from the early days when our resources were looked upon as inexhaustible. This progress has been made through the efforts of public-spirited and farsighted men in all walks of life, in private industry and at every level of government.

The bill which is before us today for consideration is intended as a further step toward conserving our resources, and toward alleviating the damages that have already been suffered. The bill seeks authority for the government of Canada to grant financial assistance to provincial governments for the construction of major water conservation projects. Assistance of the nature contemplated has already been given by Canada through special votes of parliament to various projects which were outside the scope of existing conservation acts. These projects, which included the Luther marsh and Shand dams in the Grand river watershed in Ontario, and the Fanshawe dam on the Thames river north of London, were considered to be of sufficient importance that federal participation was warranted.

[Mr. Winters.]

Subject to funds being voted by parliament, we have also informed the government of Ontario that the federal government would assist financially in the construction of a conservation dam on the Conestogo river. My contacts with the government of Ontario on these water conservation measures have been with the minister of planning and development. In each of these special cases a formula has been used whereby the local municipalities affected agreed to pay 25 per cent of the cost, and the provincial and federal governments undertook to pay 37½ per cent each; in other words, to share the remaining 75 per cent on a dollar for dollar basis.

The bill now before the house is intended to place this type of assistance on a statutory basis, and thus make it available to all provincial governments. The bill provides for federal contributions up to 37½ per cent of the cost of major water conservation projects, with the remaining portion of the cost being borne by the provincial government concerned or jointly by the provincial government and the local municipalities affected. The bill also provides, however, that the contribution of the federal government shall not be greater than that of the provincial government.

This approach to the problem is designed to leave the prime responsibility with the provinces, to whom it has been assigned by the British North America Act, and yet provide sufficient assistance to encourage the undertaking of necessary projects which might not otherwise be carried out. The limitation to projects which are, in the opinion of the governor in council, of a major character will ensure that the taxpayers of all of Canada will participate only in those projects which are of sufficient importance to be of national concern, and which the province could not reasonably be expected to carry out alone.

Hon. members will notice that the bill envisages an agreement in respect to each project, and it is proposed that this agreement shall be between the government of Canada and the government of the province. The bill recognizes, however, that local authorities may be set up within the provinces to deal with particular conservation areas or problems. In fact a number of local authorities have already been established under provincial jurisdiction. These local authorities may actually undertake the work on behalf of their provincial governments, and in many cases share in the cost. In these instances there will in all probability be subsidiary agreements between the provincial governments and the municipalities or local authorities covering the terms of their participation.

However, this is a matter for provincial governments and their municipalities to decide.

Sir Clifford Sifton, who is recognized as having been one of Canada's greatest authorities on conservation, pointed out that artificial works can only supplement the place of nature in the regulation of stream flow. While the immediate works envisaged under the terms of this bill will be dams to regulate flow and lessen the danger of disastrous flash floods, it is fully recognized that the construction of dams alone will neither prevent floods nor achieve adequate conservation of the water resources of an area. The restoration of forest cover and other conservation measures in the drainage areas of the rivers are normally required. We have stressed these broader features in all our dealings to date with provincial governments. A most important feature of the Canada water conservation assistance bill, therefore, is the provision for the undertaking by the provinces of ancillary conservation measures in conjunction with projects receiving federal assistance. These ancillary measures will be carried out in all cases except where it is determined by careful study, to the mutual satisfaction of both the federal and provincial governments, that they are not required.

The importance of this provision cannot be overemphasized. It will ensure that any project to which federal assistance may be given will be a component part of an integrated conservation plan for the area in which the project is located. This provision will serve also to encourage the development of broad plans to embrace many fields of conservation in a given area.

I would like to point out that this bill and the Canada Forestry Act will, in effect, be complementary to each other in many instances. When a province wishes to undertake the construction of a water conservation project, and submits a detailed plan of the proposed over-all conservation measures in the area concerned, this plan will be studied with a view to assistance being given under the Canada Forestry Act with respect to reforestation, as well as under the provisions of the bill now before us. Where the ancillary conservation measures include reforestation, that work may be eligible for assistance under the terms of the Canada Forestry Act. In this way, the Canada water conservation assistance bill would also give encouragement to the provinces in the use of the Canada Forestry Act. Hon. members will note that the two main points of programs envisaged by this legislation have to do with water and forest cover, and that both are within the scope of the Department of Resources and Development through its engineering and water resources branch and its forestry branch. No addition to present staff is envisaged because of this bill.

I wish to stress once again that this proposed legislation is purely enabling in character, and that it does not seek to establish any change in jurisdiction or responsibility. The government of Canada would grant financial assistance under this legislation only after a formal request had been received from the province concerned. The federal government will have no proprietary interest in any of the works to which it contributes.

We have before us legislation which would for the first time offer broad federal assistance to the provinces on a definite basis for the conservation of their water resources. If approved by parliament it will help to round out a really worth-while and comprehensive program aimed at the conservation of Canada's natural resources. As I mentioned earlier, Canadians in all walks of life are becoming daily more conscious of conservation. We already have examples of successful projects that have been undertaken in the water resources conservation field in a similar manner to that provided for by this bill. I feel that these practical examples give evidence that the time has now been reached when federal assistance on a statutory basis can be extended with the firm expectancy that great return to Canada as a whole will be received from the investment.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I should like to say a few words in connection with this bill, although when I see the Minister of Public Works (Mr. Fournier) looking at me I feel that it is almost sinful to speak at this time.

I must congratulate the minister, first of all, on his statement and his clear C.C.F. analysis of what private enterprise has done in some cases to the natural resources of this country. This group certainly supports this bill as a further step forward in the development of what we hope will finally be an over-all conservation policy for Canada, and we are pleased indeed that the bill provides for ancillary conservation, the relation of the conservation of water resources with the conservation of forest resources and so on. But, Mr. Speaker, my main reason for rising at this time is to say that we are disappointed to know that the provisions of this bill do not include a clause to provide for river bank protection from damage as the result of erosion on navigable rivers.

I mention this matter because this question of erosion or damage from erosion is an extremely serious one to many parts of the constituency I represent, and is of increasing

concern to an increasing number of people. It is of concern to the corporation of the city of Trail where, as will be remembered, in 1948 a serious disaster was just averted by prompt action on the part of citizens, the union and the company. It was a co-operative effort to prevent something that might have been extremely serious indeed to that city and to other communities along the Columbia river and the Arrow lakes. But while that disaster at that time was averted, that threat still exists because the federal, provincial and municipal authorities have failed to accept their responsibilities to do something about it.

There are also, in the Creston area of my constituency, a considerable number of farmers who suffer damage from erosion to the banks of the Kootenay river. As a matter of fact there are some 17.3 miles of the banks of the Kootenay river within my constituency. Year after year these farmers suffer considerable damage and are threatened with serious damage, again as a result of no action being taken on the part of the federal and provincial governments to devise a policy to meet that threat and that situation. It is a constant problem to these people; it is a constant expense; and to the people farming reclaimed land it represents a constant danger.

The farmers of whom I am speaking have reclaimed some 15,000 acres of bottom land that was producing no wealth whatever a few years ago. As a result of the initiative of these people in that community and in surrounding districts, those 15,000 acres of land have been brought into production and are producing a great deal of wealth in the form of grain, forage and other crops, and provide a considerable amount of fodder for a number of cattle. This production has brought prosperity to the district, and has provided a considerable sum in additional taxes to the federal and provincial coffers. Yet nothing is done about this problem which is such a serious one to many of my constituents on the Columbia and the Kootenay rivers.

I am constantly receiving letters about the matter. I just want to quote briefly from a letter I received from a gentleman who has been prominent in reclamation work in Creston throughout the years and who speaks for those who are greatly concerned about the constant waste and loss occasioned by the erosion caused by the floods on the Kootenay river.

I might say, Mr. Speaker, that I was looking up some of the government reports in this connection, and there is no question about it that on the banks of navigable rivers the federal government is recognized as the riparian owner and has some legal responsibility, as well as a moral responsibility. This gentleman, Mr. Guy Constable, whom a great many people throughout British Columbia know and whom I am sure the officials of the department will know quite well, wrote me a two-page letter quite recently about this situation, and I am going to quote two short paragraphs. He says:

> Certainly a national policy embracing water and soil must straighten out the ownership of water as between the dominion and the provinces and the responsibility for river erosion which is becoming every year more serious, and that brings me to the purpose of this letter primarily.

He goes on to deal with the problem of river erosion. Then he goes on to deal with a situation which they face at the present time and the present policy of local people as a result of that erosion. In this paragraph of his letter he says:

> The present policy is and has been up to now, to draw back the dikes and reconstruct them further away from the river. It is a losing policy in every way, almost one of despair, wasteful of land and effort, and of money since it is not a corrective. I think it parallels the situation I have described as to irrigation. Reclamation of wet lands is a national benefit, and the land cannot bear the whole cost when adjacent to navigable waterways.

I find, Mr. Speaker, that not only does that situation exist in the constituency which I have the honour to represent, but it is one that we find in many places in Canada. I have been reading what literature I could get in this connection in recent months, and I happened to have in my hands recently the report of the select committee on conservation, 1950, for Ontario. I note that this problem is dealt with at some length in this booklet and I am going to quote one short paragraph, because I think it states our argument in this group which is that the federal government should accept responsibility for initiating a policy that will overcome, as a result of federal, provincial and, in some cases, municipal co-operation, the damage caused by erosion. I now quote from page 114 of this report of the select committee on conservation:

> This problem, it should be noted, is not unique in this province. It is world-wide. European countries, particularly Denmark, the Netherlands and England, have been fighting erosion from the seas for centuries. It is a most pressing problem on the American shores of lakes Ontario, Erie and Michigan, and along the entire lengths of the Atlantic and the Pacific coasts.
>
> The problem reached such proportions that the government of the United States set up within the war department, in the office of the chief of engineers of the United States army, a beach erosion board which has been carrying on research and giving leadership in the combating of shore erosion in that country.

Losses through shore erosion have today reached a point where they can no longer be considered the responsibility of the individual person whose land is affected, but rather, because of the federal government's control of navigable waters, a problem to be considered jointly by the dominion and provincial governments and the municipality concerned. This committee therefore recommends that:

The dominion, provincial and municipal governments should recognize the public responsibility for assistance in lakeshore erosion prevention.

We in this group say amen to those conclusions. No effective action has been taken in any country until a governing body with sufficient influence and financial resources has taken the lead to do something about the erosion situation. This is a long-term problem in Canada, an increasing problem; and once again I say that we in this group regret very much that there is no provision in the bill for at least a start on the part of the government on this most important problem, a very serious one to Canadians in various parts of Canada.

It is a long-time problem, but no action has been taken to date. It is time something was done. If the minister does not see fit to introduce an amendment to the bill that would remedy the situation, we would urge his department to give consideration to the problem as it exists in Canada from the Atlantic to the Pacific, with a view to taking steps to improve the situation in the very near future.

Mr. J. A. Charlton (Brant-Wentworth): Mr. Speaker, it is not my intention to discuss this bill at length this afternoon. Let me say briefly that, in principle, this party is in agreement.

Those of us who live along the Grand river appreciate the assistance given by this government and by the provincial government in the building of the Shand dam and the Luther dam; and we feel now that the Glen Allan dam on the Conestogo will improve the flood situation considerably in the Grand river valley.

In my view this bill has more to do with flood control than with water conservation. I had hoped it might include more in respect of water conservation, but it is to be noted that it does make reference to reforestation. However, there is much more to water conservation than simply the building of dams and a program of reforestation.

We already have on the statute books the Prairie Farm Rehabilitation Act, under the supervision of the Department of Agriculture. I feel that the large number of officials and engineers in that department might have dealt effectively with this legislation, as there would seem to be a good deal of duplication. Many P.F.R.A. employees are connected with this kind of work in the west, and I am convinced that they could have made themselves responsible for it across the whole nation. I question therefore the wisdom of not placing this bill under that department. As I said earlier, we accept the principle of the bill, although we had hoped that it would have contained further provisions for water and soil conservation. I have no further comment to make at the moment. Any questions I may have may better be asked at a later time.

Mr. Solon E. Low (Peace River): Mr. Speaker, I had not intended speaking at length in this debate, but as one who has been interested for years in conservation I believe I should take this opportunity to say a word in commendation of what the Minister of Resources and Development (Mr. Winters) has done in bringing this bill before the house.

Although he is one of the younger members of the government, I wish to congratulate him upon his vision and foresight, and upon his ability to gather from his observations and studies the importance of things people in Canada are thinking, and feeling should be done, and especially at this time I would commend him for bringing a bill of this kind before the house with a view to making statutory some of the arrangements that had been made hitherto only by agreement between the federal and provincial governments. Let me commend him and congratulate him warmly and sincerely for what he is doing.

We may not agree that the bill is everything we would want, but I am always happy to see a start made. I do not look upon this start as encompassing the whole scope of what will be encompassed eventually in legislation of this kind. Doubtless changes will be made, and in all likelihood as the years and sessions go by members will bring to the minister's attention changes that should be made in the act to enlarge its scope.

I am happy that, through the action he is taking today, the minister is giving leadership in the field of conservation. That is important. The last time I spoke on this subject I believe I said leadership ought to come from a senior government in Canada. That leadership is now coming from the point from which it should come, and this gives me considerable satisfaction.

I do not look upon this legislation as being exclusively Social Credit legislation in any respect; nor do I think the hon. member for Kootenay West (Mr. Herridge) has any logical basis for saying that it is C.C.F.

legislation. Yet I was interested in what the hon. member did say about the exploitation of our natural resources by private enterprise. We hear that so constantly from socialist members; that private enterprise has done this, that private enterprise has been responsible for that, or has been responsible for not doing the other thing.

In other words, at every opportunity that presents itself they try to undermine private enterprise. Let me point out that if any of the resources of this country have been exploited wrongfully by private enterprise, and if there has been wastage or destruction in that exploitation, it has not been the fault of private enterprise so much as that of the government that has allowed it to take place.

Governments in the various provinces are presumed to own and control the resources for and on behalf of the people. If adverse exploitation has taken place in any of the provinces it has been because of a lack of watchfulness and good management by government. That ought to be stressed. It is because of wrong policies on the part of governments that these things have happened. No one can say that it is private enterprise and because private enterprise is faulty in its concept of what should be done.

I want to say that I believe in private enterprise. I believe that we should take every action possible to preserve private enterprise as being the best possible means of getting the finest results in any of our activities, and to manage and build up our economy. I wanted to say that much because when we hear these repetitions about the failings and weaknesses of private enterprise it sort of gives me a sick feeling at my midriff.

As the minister gains experience in administering this bill and dealing with the provinces I hope he will find it possible to enlarge the scope of the legislation to include something along the line mentioned by the hon. member for Kootenay West (Mr. Herridge), that is the prevention of erosion. We suffer from erosion, not only of river banks but generally throughout large areas. I think sometimes we overlook the fact that erosion of land occurs over such a wide area that the province concerned, or at least some provinces, might not have the resources to cope with it. No doubt in some cases they would have to come to the senior government for help.

That principle has been recognized to a considerable extent in connection with irrigation schemes to prevent further damage by erosion. However, I am quite sure that soil erosion is caused by other things than wind and water. I am expressing the hope that in the years ahead the minister will find it possible to enter into agreements with certain provincial governments to provide assistance in putting a stop to widespread causes of erosion which the provinces cannot handle themselves. I shall end by saying that I think the minister has made an excellent start, and I commend him for it.

[Mr. Low.]

Mr. W. J. Browne (St. John's West): When this matter was first announced in the speech from the throne I made a study of water conservation. It seems to me that this bill is putting into general effect what has been the policy in connection with Ontario. Several projects costing millions of dollars have been carried out in this province. I do not know if similar projects have been carried out in other provinces.

I was wondering how far the minister had thought out this thing and whether this legislation will be available to all the provinces. On reading the report of the Department of Resources and Development I noticed that very little has been done in my province, and I suppose I can be excused for making special reference to that. There are no large municipalities in that province outside of St. John's and perhaps Corner Brook where measures of conservation such as are envisaged by this bill would be required. The province would have to bear almost two-thirds of the cost of any project of this kind.

Will this legislation provide assistance in power development? I notice that the section which enables the minister to make agreements with the provinces refers to the building of dams for the conservation of water and I should like to know if that could be extended to include power projects where a river might be diverted to flow into other rivers so that a profitable power project could be brought into being.

This bill is something new, and it seems to indicate that the federal government has a great deal more money than the provinces. While some of these projects may be of great benefit, nevertheless they are local in character and cannot be regarded as being national. The entry of the dominion government into this field will give them a certain control over matters which otherwise would be exclusively provincial. I think everyone will agree that it is desirable that we should get the best results from potential water power sites in all parts of Canada. The provinces naturally are most interested in doing something along these lines, but the fact is that this amounts to a subsidy to the provinces in order that they may use that power to the best advantage.

I notice that the same section which gives the minister the power to make agreements also stipulates certain conditions in regard to reforestation. That brings me to something which was mentioned by the hon. member for Kootenay West. The hon. member was blaming private enterprise for the conditions which exist today in many provinces where natural resources have been depleted.

I think in the past governments were not sufficiently aware of the speed with which natural resources could be depleted. The passage of time has brought to the attention of all persons and governments the desirability of adopting measures to protect our natural resources. I think it can be said that the private paper companies have shown special interest in introducing the most advanced practices in fire control. I think they have done more along these lines than the governments because their whole operation depends upon the availability of forest resources.

In Newfoundland they have worked things out in such a way that the forest resources will be available in cycles. They will cut an area today and it will grow again so that in 25, 30 or perhaps more years the company can come around and cut that area again. In the meantime they will be cutting in other places. They are doing that in the Anglo-Newfoundland Development Company's operations around Grand Falls, where a paper mill was established in 1904.

There is great value in flood control from the point of view of the tourist industry. I have mentioned this before, and I know that hon. members who come from provinces where there are salmon rivers realize that rivers are becoming depleted of fish because of a lack of regularity in the water flow whereby the salmon are prevented from having ready access to the headwaters of the rivers. If there is not sufficient flood control a river will dry up in the summer and the salmon cannot enter. If there are no salmon there will be no tourists visiting that particular section.

I assume that if this bill is going to have its full effect a provision will be incorporated in the agreements so that sort of thing can be done. Provinces could erect dams to regulate the flow of water in salmon rivers to enable the salmon to ascend regularly and thus provide more sport. There is no doubt about it that the salmon rivers are more valuable to the province as a sporting attraction than merely for the spawning of salmon for commercial fishermen. They bring more revenue.

Mr. W. Chester S. McLure (Queens): Mr. Speaker, when this matter was up previously I mentioned that we had no large rivers or bays in my province, but I wondered whether old mill properties, mill dams, could be renewed under this legislation. At one time the power was used for milling purposes, but today they are idle. Some of them have fallen into disrepair.

After I spoke about that matter I received a great many inquiries from interested people. Would that be too small a proposition for the government to undertake, the rebuilding of these dams and turning them into fishing ponds with the co-operation of the individuals concerned and the local government? Some of the people also wish to use these dams and ponds that have gone out of use so they may have small power plants. Perhaps the minister might advise me on this matter at the present time.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Robinson in the chair.

On section 1—*Short title.*

Mr. Browne (St. John's West): Is the minister going to make any observations in reply to what has been said?

Mr. Winters: I do not think I need to make any general observations at this time. If there are specific questions I will be glad to answer them.

Section agreed to.

Section 2 agreed to.

On section 3—*Agreements with provinces.*

Mr. Browne (St. John's West): I should like to ask the minister whether agreements can be made for the purpose of the development of water power.

Mr. Winters: It is not contemplated that agreements will be made with respect to the development of water power because such projects are normally revenue-producing and amortize themselves. There is a general provision under which water power might be contemplated as a subsidiary or perhaps ancillary development, but the primary object is not to develop water power projects.

Mr. Browne (St. John's West): What is the purpose of preserving water if you are not going to use it for something? The idea is to preserve water so you can use it. If you build a dam and use the water to produce electricity and turn it into a revenue-producing venture it is more valuable than just having the water to look at.

Mr. Charlton: What are the qualifications for a province to apply for assistance under the act?

Mr. Winters: It is not a question of what qualifications are needed before a province can apply. The question is what are the qualifications before an application would be eligible for assistance under this bill. In the first place the project must be of such size and importance as to merit federal government participation on behalf of all the taxpayers of Canada. It must be the size of project that would not normally be undertaken by the provincial and municipal governments alone. It must be a project designed to conserve water and, in order to be of the nature of projects already carried out, have as one of its main purposes the prevention, or at any rate the minimizing, of serious flash floods. My hon. friend is thoroughly familiar with the Shand and Luther dams and the proposed Glen Allan dam on the Conestogo river. I can think of no better examples of the type of project that is contemplated than those.

Mr. Catherwood: Can the minister say to what extent such grants will be authorized? In other words, how much is the federal government prepared to grant toward the over-all picture? Is there any limit?

Mr. Winters: Each project will be considered on its merits. There is no limitation or specification as to the over-all amount involved.

Mr. Browne (St. John's West): Have any requests been received from provinces other than Ontario up to the present time?

Mr. Winters: No specific requests have been received. Requests of a general nature have been received.

Mr. McLure: I should like the minister to answer the question I asked him a while ago. Would the rebuilding of mill ponds and dams in the province of Prince Edward Island be too small a proposition to take into consideration? The local government has already taken on two or three such projects and they now have fish ponds. One man is anxious to get some assistance because he wants to build a small power plant. Would that be too small?

Mr. Winters: Each project would have to be reviewed on its merits. Whether or not it was too small or too large would depend upon the size of the project, the revenues of the province, and the willingness of the municipality and the provincial government to participate and bring it forward for consideration. Each project would have to be considered on its own merits.

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

Mr. Gauthier (Portneuf): Suppose a province refuses to call for tenders. What happens?

Mr. Winters: It is part of the practice in federal government operations of this kind to let contracts on the basis of tender, and it would be the intention under the bill to have that practice followed.

Mr. Gauthier (Portneuf): Suppose the authority in the province does not want to agree to the calling of tenders?

Mr. Winters: We would then have to decide whether or not there would be an agreement under the act. We are not committed to an agreement. If conditions are not such as to conform with the terms of the practice people would normally expect of us we would not enter into an agreement.

Mr. Gauthier (Portneuf): Then the same thing would happen as happened with the highway program.

Mr. Charlton: Mr. Chairman—

An hon. Member: Six o'clock.

Mr. Charlton: Do you want me to call it six o'clock?

Mr. Fournier (Hull): There are only a few sections of the bill left. I cannot recall how many speeches were made, but we had quite a discussion at the resolution stage, and we have spent some time on second reading this afternoon. There are only four or five sections left, and perhaps the house would bear with us for a few minutes.

Mr. Gagnon: Six o'clock.

Mr. Black (Cumberland): I think we might pay some heed to the melodious voice of the Minister of Public Works and carry on a little longer by common consent. Personally I do not like to see a tendency on the part of the house or the chairman of the committee to force any legislation through. The minister has told us that this special legislation was designed in order to enlist the interest and co-operation of the provinces. I would ask him if he or his department have received any direct communications from provinces other than Ontario. Have any been received from the province of Nova Scotia or the province of Saskatchewan? Since the legislation was before the house at the resolution stage there has been very heavy flooding in the province of Nova Scotia. Considerable damage was done in certain places, in Oxford in my county and in Truro in Colchester county, as well as in other parts of Nova Scotia.

I would ask the minister if any communications have been received from the province of Nova Scotia and whether he has

made any direct representations to them. I would also ask whether there have been any similar contacts with the province of Saskatchewan. When this legislation was in the resolution stage discussions were held in connection with the South Saskatchewan dam, irrigation and control of flooding in the province of Saskatchewan. I would like to have a statement from the minister.

Mr. MacInnis: Mr. Chairman, I think this is too important a measure to be shoved through the house under pressure. We may be desirous of getting away from here by a certain date, but the time to have begun to prepare for that was several weeks ago, not when we have a measure of this kind before us. We have an hour for adjourning, and I think we should adhere to it.

Section stands.

Progress reported.

Business of the House

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): I move that the house do now adjourn. Tomorrow we will continue with Bill No. 109. We will then take up Bill No. 293, to implement the international convention for the high seas fisheries of the north Pacific ocean; the resolution respecting the Emergency Gold Mining Assistance Act; the resolution respecting the measure to amend the Trans-Canada Air Lines Act, 1937; and also the resolution to amend the Fisheries Research Board Act. There is also the resolution to amend the National Housing Act, 1944, and the resolution to amend the National Defence Act. I think that will take the day.

Motion agreed to and the house adjourned at 6.05 p.m.

68108—224

HOUSE OF COMMONS

Thursday, April 2, 1953

The house met at 2.30 p.m.

NATIONAL HEALTH

PETITION WITH RESPECT TO COMPREHENSIVE NATIONAL HEALTH PLAN

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, I have the honour to present a petition signed by Howard Wightman of Creston, British Columbia, and considerably more than 100,000 other Canadians, praying parliament to consider the enactment of a comprehensive national health plan which would provide for all our citizens, irrespective of their income, full medical, dental, optical and other health care.

NATIONAL DEFENCE

RIFLE RANGE AND OTHER PROJECTS AT BAIE-DU-FEBVRE, QUE.

Hon. Brooke Claxton (Minister of National Defence): On March 25 the hon. member for Three Rivers (Mr. Balcer) asked if I had received any protests against the installation of a rifle range and other defence projects at Baie-du-Febvre, Quebec; and, if so, what the Department of National Defence was going to do about them.

There is no rifle range under construction at this locality. What the hon. member intended to refer to would appear to be a proof range for artillery along the south shore of lake St. Peter in the counties of Nicolet and Yamaska. This has been under construction since May 1952. Provision is also being made for a range for aircraft. The ranges have been located so that they do not interfere with navigation.

Within the last three or four weeks five representations have been received against the Department of National Defence taking over additional land. The purpose of taking over this land is to add to the area intended for the protection of the people and animals of the adjacent farms.

The amount of additional land proposed to be taken over having any agricultural value whatever is not large and full compensation will be paid for it. The benefits resulting to the countries mentioned and the town of Nicolet, as well as the entire district, in providing continuing employment and expenditures in the locality, will, it is believed, far outweigh any of the disadvantages resulting from this development.

TRADE MARKS ACT

REVISION AND CONSOLIDATION OF TRADE MARKS LAW

Hon. F. G. Bradley (Secretary of State) moved the first reading of Bill No. 316 (from the Senate), relating to trade marks and unfair competition.

Motion agreed to.

QUESTIONS

NATIONAL DEFENCE—HEATING PLANT, COMOX

Mr. MacInnis:

1. Did the defence department since January 1, 1951, build a central heating plant at Comox, Vancouver island?
2. If so, what was the cost of this project?
3. Was the work performed by (a) cost plus contract; (b) contract by tender?
4. If cost plus contract, what is the name of the firm which did the work?
5. If tenders were called, what are the names of the firms tendering and the amount of each tender?
6. What is the name of the successful tenderer?

Mr. Dickey:

1. The building is now under construction.

2. $365,132 to date.

3. Contract by tender.

4. Answered by No. 3.

5. The firms tendering and the amount of each tender were as follows:

Smith Brothers and Wilson Limited, 1267 Richards street, Vancouver, British Columbia	$491,628
Mutual Construction Company Limited, 1430 Burnard street, Vancouver, British Columbia ..	505,970
G. W. Ledingham and Company Limited, 1025 west 77th avenue, Vancouver, British Columbia ..	509,112

6. Smith Brothers and Wilson Limited, Vancouver, British Columbia.

DEFENCE PRODUCTION—PROPELLERS

Mr. Bryce:

1. Did the Department of Defence Production at Victoria, invite quotations in May 1952, for four propellers, 11" diameter by 11" pitch?

Questions

2. If so, from what firms were quotations received and at what price?

3. Was a purchase order issued for these propellers?

4. If so, (a) under what date; (b) to what firm; (c) at what price each?

Mr. Dickey:

1. Invitations to tender were issued in May 1952 for: 4 propellers, R.H. not bored, 11" dia. x 11" pitch and 2 double charging and by-pass valves.

2. Quotations were received as follows: Sumner Brass Foundry Ltd., bid on propellers only, $54.80, tax included, delivered.

Canadian Sumner Iron Works, bid on propellers and valves, $70, tax included, delivered.

3. A purchase order was issued for 4 propellers and 2 valves.

4. (a) May 26, 1952; (b) Canadian Sumner Iron Works, Vancouver, B.C.; (c) propellers $15 ea., valves $5 ea.

ASSISTANCE TO PRAIRIE PROVINCES, NOVA SCOTIA AND BRITISH COLUMBIA

Mr. Herridge:

1. What is the total amount spent under the terms of the Prairie Farm Rehabilitation Act, in the provinces of Manitoba, Saskatchewan, Alberta and British Columbia, since 1935 to December 31, 1952?

2. What is the total amount of financial assistance given to the tree fruit industry in Nova Scotia, since 1935 to December 31, 1952?

3. What is the total amount of financial assistance given to the tree fruit industry in British Columbia, since 1935 to December 31, 1952?

Mr. Fournier (Hull):

1. Manitoba, $4,277,688; Saskatchewan, $35,276,331; Alberta, $28,049,108; British Columbia, nil.

The Prairie Farm Rehabilitation Act does not apply to the province of British Columbia; however $2,429,939 has been expended under special votes for land protection, reclamation and development in that province under supervision of P.F.R.A. engineers.

2. $18,888,000.

3. $5,412,000.

WHARF REPAIRS AND RETAINING WORKS, ROBERVAL, QUE.

Mr. Spence:

During the years 1949-50, 1950-51, 1951-52 and 1952-53, what amounts were spent by the Department of Public Works in the county of Roberval for wharf repairs, retaining works, especially at the wharf of Roberval and along the Mistassini river?

Mr. Speaker: This question was answered yesterday, and the answer appears in yesterday's *Hansard*.

[Mr. Bryce.]

NATIONAL HOUSING ACT—DEFENCE PLANTS

Mr. Croll:

What are the names of all plants in the Toronto area that have been certified, in whole or in part, by the Minister of Defence Production as defence plants within the meaning of the National Housing Act?

Mr. Dickey:

A. V. Roe (Canada) Limited, Malton, Ont.

Canadian Arsenals Limited, gun division, Lindsay, Ont., small arms division, Long Branch, Ont.; instrument and radar division, Scarboro, Ont.; instrument and radar division, Leaside, Ont.

Dowty Equipment Limited, Ajax, Ont.

Canadian Steel Improvements Limited, Etobicoke, Ont.

Modern Tool Works Limited, Toronto, Ont.

Lucas-Rotax Limited, Scarboro, Ont.

Frigidaire Products of Canada Limited, Leaside, Ont.

Carriere and MacFeeters, Toronto, Ont.

Canadian Johns-Manville Company Limited, Toronto plant at Port Union, Ont.

John Inglis Company Limited, Scarboro works, Scarboro, Ont.

Aluminum Goods Limited, Toronto, Ont.

Canadian General Electric Company Limited, Downsview works, Downsview, Ont.

Chatco Steel Products Limited, Tilbury, Ontario.

Canadian Acme Screw and Gear Limited, York division, Toronto, Ont.

Canadian SKF Company Limited, Scarboro, Ont.

Stark Electronic Instruments Limited, Ajax, Ont.

Delamere & Williams Company, Limited, West Toronto, Ont.

PSC Applied Research Limited, Toronto, Ont.

D.M. Fraser Limited, Scarboro, Ont.

de Havilland Aircraft of Canada Limited, Downsview, Ont.

Kelvin-Thompson Company, Ajax, Ont.

Canadian Radio Manufacturing Corporation Limited, Leaside, Ont.

COMPULSORY WAR SAVINGS, WORLD WAR II

Mr. Fair:

1. What was the total amount of compulsory war savings collected in world war II?

2. What was the date of time limit in which to claim repayment?

3. What is the total amount repaid?

Mr. McCann: This question was answered yesterday and the answer appears at page 3495 of yesterday's *Hansard*.

BROOKLYN, N.S.—GOVERNMENT PROPERTY SOLD

Mr. Nowlan:

1. Has certain property, acquired for radio or radar purposes, and situate at Brooklyn, Queens county, Nova Scotia, been sold by war assets corporation, or any other department or agency of the government?
2. If so, (a) of what did this property consist; (b) to whom was it sold; (c) at what price?
3. In what newspapers was this property advertised for sale?
4. Were tenders called for the purchase thereof, and if so, what notification was given of such calling of tenders?

Mr. Dickey:

1. Yes.

2. (a) Approximately 13·3 acres of land; 14 structures; underground services; electrical distribution system; overhead heating main and fencing.

(b) Mr. Euchariste Harvey, St. Hubert, P.Q.

(c) $10,250.

3. Halifax *Chronicle-Herald* and *Mail-Star* and Liverpool *Advance*.

4. Bids were solicited by advertising in the above newspapers, having notices posted in local post offices and sending notices to prospective purchasers.

GRAND BEND, ONTARIO, HARBOUR

Mr. Murphy:

1. Has the government any employees at the wharf or harbour at Grand Bend, Ontario?
2. If so, (a) who are they; (b) what are their duties; (c) what are the salaries paid?

Mr. Chevrier:

1. Yes, one.

2. (a) R. G. English; (b) caretaker of the range lights; (c) $50 per annum.

QUESTIONS PASSED AS ORDERS FOR RETURNS

R.C.A.F. CHAPEL—COMOX

Mr. MacInnis:

1. Did the defence department since January 1, 1951, build a chapel for the R.C.A.F. at Comox, Vancouver island?
2. If so, what was the cost of this project?
3. Was the work performed by (a) cost plus contract; (b) contract by tender?
4. If by cost plus contract, what is the name of the firm which did the work?
5. If tenders were called, what are the names of the firms submitting tenders and the amount of each tender?
6. What is the name of the successful tenderer?
7. What are the dimensions of the building?
8. What was the cost of the furnishings?

OTTAWA BUILDING, CARLING AVENUE AND CLYDE STREET

Mr. Dinsdale:

1. Is the government of Canada renting the building on Carling avenue and Clyde street, Ottawa, formerly occupied by the Vipond Construction Company Limited?
2. If so, from whom is this property being rented and at what price?
3. Of what type of construction is the building and what are the dimensions?
4. To what use is the building going to be put?
5. Are any changes or renovations required on the structure?
6. If so, what will be the cost of these changes and renovations, and who is paying the costs?

BRITISH COLUMBIA PORTS OF ENTRY

Mr. Cruickshank:

1. During the last fiscal year, what was the revenue received at each port of entry in the province of British Columbia?
2. During the same period, how many (a) individuals entered Canada at each port; (b) departed from Canada at each port; (c) motor vehicles entered Canada at each port; (d) motor vehicles departed at each port?
3. During the last fiscal year, what contracts were let for construction in connection with customs and immigration at each of such ports?
4. How much was spent on this construction during the said year?

BUSINESS OF THE HOUSE

DELETION OF QUESTION FROM ORDER PAPER

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, I should like to call your attention to the fact that a question on yesterday's order paper to which I am to give an answer was not answered, but has been deleted from today's order paper.

Mr. Speaker: I understand that the minister has spoken to the hon. member for Winnipeg South Centre who asked the question, and that he understands that it will be restored to the order paper.

MORNING AND WEDNESDAY EVENING SITTINGS ON AND AFTER APRIL 13

Right Hon. C. D. Howe (Acting Prime Minister) moved:

That on and after Wednesday, April 8, 1953, until the end of the session, the house shall meet at 11 o'clock in the morning of each sitting day and, in addition to the usual intermission at 6 o'clock p.m., there shall be an intermission every day from 1.00 to 2.30 o'clock p.m.; and on every Wednesday until the end of the session the house shall meet from 8 to 10 o'clock p.m.

He said: Mr. Speaker, I think all hon. members feel that we should lengthen our hours of sitting in an effort to complete the session before the weather becomes too hot. Today is an indication that the weather is getting better. I believe recently there has been some discussion among the whips of the several parties, and I am told that there will be no objection if the date of Wednesday, April 8, is changed to Monday, April 13. If it is the wish of hon. members I would be prepared to move that the motion be

amended by deleting the words "Wednesday, April 8" and substituting therefor the words "Monday, April 13", and by adding after the word "Wednesday" in the second last line thereof the word "thereafter".

Amendment agreed to.

Motion as amended agreed to.

EXTERNAL AFFAIRS

KOREA—REQUEST FOR STATEMENT AS TO ARMISTICE PROSPECTS

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): I should like to direct a question to the Secretary of State for External Affairs. Because the house will rise today until after Easter, can the Secretary of State for External Affairs inform the house with regard to the prospects for negotiations of an armistice in Korea, and of any other recent developments in regard to international affairs about which he cares or is able to inform us?

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, the hon. member was good enough to give me notice of his question. At the present stage in dealing with this very important question I would not wish to go much beyond the statement I made in New York in respect of recent Korean developments when I said, with particular reference to the statement of Chou En-lai of March 30, that this would appear to be a very important statement and obviously one that must be followed up.

It is the view of the government that the statement of March 30 which I have just mentioned, coming only two days after the letter of March 28 from the communist commanders in Korea to General Clark regarding the repatriation of sick and injured prisoners, is an encouraging development. Meanwhile the Chinese statement of March 30 is of course being carefully examined here as it is in the foreign offices of other governments.

As hon. members know, it has been the policy of the government, and indeed of this house, I think, to seek settlement of the Korean conflict by peaceful negotiation, and we have constantly done what we could with others to prevent extension of the war beyond the borders of Korea. Therefore we, and other governments who think with us on this matter, are always prepared to examine closely, and with good will, any sincere proposals which have the end of peace in view.

By a cable dated March 31 the communist foreign minister in Peking, Chou En-lai, transmitted to me, as I think the house will know, as president of the United Nations general assembly, the full text of the statement which had been broadcast on the radio on March 30 to which I have referred. I distributed a text of this statement to the delegations of the member governments at the United Nations assembly, and I also transmitted it to the unified command, which is now officially seized of this proposal. At that time I told the United Nations assembly that I hoped, and I was sure they hoped, that this statement might provide a basis for peace in Korea; because it amounts to new proposals in regard to the one remaining obstacle in the way of an armistice there—the prisoners of war difficulty. These new proposals, and they are referred to in the Chinese cable as new proposals—and they have received the support of the government in Moscow—go, on the face of them, a long way to meet the position taken last autumn by the United Nations assembly.

Meanwhile General Clark has replied to the communist commanders' letter of March 28 stating his willingness to proceed immediately with the arrangements for the repatriation of sick and wounded prisoners. General Clark has also informed the communist commanders that, if agreement is reached on the repatriation of sick and wounded prisoners, the United Nations command will be prepared to take up, as the second order of business, the question of resuming the full armistice discussions, at which the new proposals will be considered.

In conclusion, Mr. Speaker, I can only repeat that we consider these developments as being hopeful, although there are a good many points to be clarified in the new proposals before we can afford to come to any final conclusions concerning them. Much will therefore, I think, depend on what takes place during the next few days both at Panmunjom and at the United Nations assembly in New York.

Mr. Coldwell: Can the minister express an opinion with regard to the reported modification of the Russian view concerning disarmament and if there are prospects of an agreement on the basis laid down by the United Nations?

Mr. Pearson: All I can say about that is that yesterday afternoon at the United Nations assembly, when we were about to take up the report on disarmament from the political committee, amendments to that report were circulated by the Soviet delegation. Those amendments do also, on the face of them, seem to represent a possible change of attitude in this matter on the part

of the Soviet delegation; but there again they ought to be pretty carefully examined before we come to any conclusion in regard to them. We have not had much time to look into them and no one as yet is very clear or very confident about the result of this possible change of attitude. Again, Mr. Speaker, and I am sure the house will agree, we should give these proposals on disarmament the same kind of careful consideration that we should give to the new proposals from Korea.

Mr. Graydon: Might I ask the Secretary of State for External Affairs (Mr. Pearson) a question supplementary to those which have been asked. In connection with sick and wounded prisoners of war on both sides, what do the Chinese and North Koreans propose to do about those sick and wounded prisoners of war who do not want to be repatriated back behind the iron curtain?

Mr. Pearson: Mr. Speaker, I would not like to go into that. For one reason, in the exchange of correspondence there is no reference to that matter at all. It is just a question of exchange of sick and wounded, and the question of whether that is to be voluntary or involuntary was not mentioned in the correspondence. I do not think it would be desirable for us to bring the matter up here.

The principle of voluntary repatriation has, however, been recognized to some extent in the communication of March 30, where the communist statement does use the word "insist". It says, "Those prisoners who insist upon being repatriated". Others would possibly go to a neutral state. The same language, however, was not used in regard to sick and wounded.

RADIO BROADCASTING

INQUIRY AS TO PERSONNEL DISPLACED BY ABOLITION OF LICENCE FEE

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I would like to address a question to the Minister of Transport (Mr. Chevrier), and I apologize for giving him notice only ten minutes ago. In view of press reports that about 115 civil service positions are being abolished because the Department of Transport is discontinuing the collection of radio licence fees, and in view of the fact, as I have been informed, that a number of these employees have received separation notices—which I understand is a civil service diplomatic term for "roll your blankets and hit the trail"—would the minister kindly inform the house what has been done to find positions for those displaced civil servants?

Hon. Lionel Chevrier (Minister of Transport): I will be glad to answer. My recollection is that there were 138 employees of the department affected by the abolition of the $2.50 licence fee. My recollection is, and I speak of course from memory, that of that group a very small number resigned. Another group were separated because of married women's status. The very large majority of them were placed in positions either in the Department of Transport or, through the co-operation of other departments and the civil service commission, in other departments of government. My recollection is that thus far there are only 17 people without employment.

FEDERAL GRANTS TO MUNICIPALITIES

INQUIRY AS TO PAYMENT TO ST. JOHN'S, NEWFOUNDLAND

On the orders of the day:

Mr. W. J. Browne (St. John's West): I would like to direct a question to the Minister of Finance (Mr. Abbott) regarding a statement made by him when we were considering the supplementary estimates on March 27 and about which there appears to have been some misunderstanding. Is he in a position to state the exact amount of the grant which will go to the city of St. John's, Newfoundland?

Hon. Douglas Abbott (Minister of Finance): Yes, I will be happy to answer. Apparently there was some misunderstanding in the reply to the question of the member for St. John's West (Mr. Browne). The position is that under the Municipal Grants Act the city of St. John's, Newfoundland, will in this current year, the year which ended on March 31, 1953, receive a total of $51,527. That amount is made up of $48,184, being taxes in respect of admiralty properties which are occupied by the crown, $2,543 in lieu of real property taxes, and $800 in lieu of local improvement taxes.

FISHERIES

INQUIRY AS TO METHOD OF MARKETING NEWFOUNDLAND SALTED COD

On the orders of the day:

Mr. J. Watson MacNaught (Parliamentary Assistant to the Minister of Fisheries): Yesterday the hon. member for St. John's East asked me if I could state what the situation will be this year with respect to the normal markets for Newfoundland salt codfish. At that time I said that I expected to be able to make a statement today.

Water Resources

It is somewhat early in the year to make any sound appraisal of the market prospects for a commodity like salted codfish, which, in Newfoundland, will not be ready for shipment to market until July or August at the earliest. In the meantime, the balance of the 1952 production is still going forward. Competitive production is just getting under way in the European producing countries. At the moment we have no reason to believe that there will be any significant increase in over-all world production of salted fish in 1953.

On the demand side, prediction is particularly difficult because of the complicating factor of currency restrictions in several of the important consuming markets. Officials of the Department of Trade and Commerce, as in former years, are presently in negotiation with the governments of some of these countries to make provision in their import plans for salted fish from Canada. The Newfoundland fisheries board and, through it, the fishermen of Newfoundland will be kept fully informed as new developments take place.

Mr. W. J. Browne (St. John's West): May I just ask one question of the parliamentary assistant? Has he any word yet when the report of the fisheries development committee of Newfoundland will be published?

Mr. MacNaught: The only information I have is that the report will be available very shortly.

(Translation):

CIVIL SERVICE

PROGRESS OF NEGOTIATIONS CONCERNING THE FIVE-DAY WEEK

On the orders of the day:

Mr. J. T. Richard (Ottawa East): Mr. Speaker, I wish to direct a question to the Minister of Finance (Mr. Abbott). Would he be in a position to tell me whether negotiations between officers of the treasury board and the civil service commission with regard to the five-day week for civil servants in the Ottawa district have progressed sufficiently to allow him to render a decision in the near future?

Hon. Douglas Abbott (Minister of Finance): No, Mr. Speaker, discussions have not progressed sufficiently to allow me to render a decision.

[Mr. MacNaught.]

(Text):

POSTAL SERVICE

APPLICATIONS FOR REVISION OF RURAL MAIL CONTRACTS

On the orders of the day:

Mr. Gordon Graydon (Peel): May I ask the Postmaster General (Mr. Cote) if he is in a position yet to indicate to the house when applications for certain revisions in contracts will be received from the rural mail couriers under the new legislation?

Hon. Alcide Cote (Postmaster General): Mr. Speaker, I doubt if I can say now when the contractors will know about this, although I presume that most of them should know by now. The bill is before the Senate, and although we could receive some of the applications now I doubt very much whether we could act upon them before the bill receives the royal assent. However I may tell my hon. friend that, presuming the bill is passed with the co-operation of both this house and the other place, we will be ready to start working on all the applications as soon as they are received.

WATER RESOURCES

ASSISTANCE TO PROVINCES FOR CONSERVATION PURPOSES

The house resumed, from Wednesday, April 1, consideration in committee of Bill No. 109, to authorize the grant of assistance to a province for the conservation of water resources—Mr. Winters—Mr. Beaudoin in the chair.

On section 4—*Agreements between provinces and local authorities.*

Mr. Black (Cumberland): There are some inquiries outstanding, and I wish the minister would answer them. One inquiry had special reference to Nova Scotia and another to Saskatchewan. I think there are some others outstanding.

Mr. Winters: Just before we rose last night the hon. member for Cumberland asked if there had been communications with the provinces about the application of this bill, and whether there had been specific requests from Nova Scotia and Saskatchewan for participation in projects under this bill. We have communicated with all the provinces of Canada, and informed them in a general way what we proposed in this legislation. They have all answered expressing interest, and a desire to see the contents of the bill. We have had no specific requests for participation from either Nova Scotia or Saskatchewan.

Section agreed to.

Sections 5 to 8 inclusive agreed to.

Title agreed to.

Bill reported, read the third time and passed.

NORTH PACIFIC FISHERY

INTERNATIONAL CONVENTION FOR HIGH SEAS FISHERIES

Hon. Alphonse Fournier (for the Minister of Fisheries) moved the second reading of Bill No. 293, to implement the international convention for the high seas fisheries of the north Pacific ocean.

Mr. Pearkes: Are we going to get a statement from the appropriate minister?

Mr. Fournier (Hull): Perhaps the house could be patient for a few minutes; I have sent for the parliamentary assistant. I think he has a statement ready.

Hon. Robert H. Winters (Acting Minister of Fisheries): Mr. Speaker, as Acting Minister of Fisheries, perhaps I should say a few words on the second reading of this measure. The purpose and objects of the convention have already been outlined when the resolution came before the house last Friday, March 27. There are, therefore, only one or two points about the convention that I should like to go into to make its meaning clearer.

The first relates to the area of the convention. It embraces the whole of the north Pacific ocean and adjacent waters but it excludes expressly the territorial waters. The species Canada has been conserving, alone and with the United States—salmon, halibut and herring—spend much of their lives on the high seas. On the high seas they could be fished by other countries, the most likely of which was Japan. In this convention Japan has agreed, not to any change in the principle of the freedom of the seas, but to waive its right to fish these particular species coming to American and Canadian waters. Japan is willing to make this waiver because these species have been under conservation, under scientific management and regulation, and are already fully utilized by Canadian and American fishermen. In no other way except by a convention of this kind could such protection be found for these species. No conceivable extension of territorial waters could achieve this oceanic protection.

A second point might be made. The convention not only excludes the territorial waters of each of the parties, but it provides in explicit terms that nothing in the convention shall be deemed to prejudice the claims of any contracting party in regard to the limits of territorial waters or to the jurisdiction of a coastal state over fisheries.

The definition of territorial waters is a complex question on which it has been difficult so far to get full international agreement. The question of territorial waters, as hon. members will realize, could not have been even raised at a fisheries conference between the three nations. It involves many interests besides fisheries, both at home and abroad, including national defence, customs, transport, mineral resources of the sub-soil of the sea, not to mention our trade and other external relations with other countries.

Because of the complexity of the problems involved, the government has established an interdepartmental committee to deal with this matter. When the committee makes its report, the government will be in a position to act if it decides to make any adjustments in the delineation of territorial waters in so far as Canada is concerned. In this meantime, to protect the position of the three parties to the convention, the clause which I mentioned above was inserted in the body of the convention.

Mr. Graydon: May I ask the minister if he can inform the house how the paper from which he has just read got into his hands?

Mr. Winters: I prefaced my remarks by reminding the house that I am Acting Minister of Fisheries.

Mr. G. R. Pearkes (Nanaimo): I am sure we are very much indebted to the Acting Minister of Fisheries for his comprehensive statement. As hon. members will recall, the convention upon which this bill is based was considered in the standing committee on marine and fisheries. I do not know whether or not it is the intention of the acting minister to refer this bill to that committee. During the discussion in the committee stage, as well as in the discussion at the resolution stage, I pointed out a number of objections which were being taken to the ratification of this convention. These objections were based on the limited nature of the security provided. The acting minister referred to the fact that there was a measure of security, but it is only a measure of security, which is being provided for the fishing industry on the west coast. The limitations of that security fall under three main headings. First of all, the protection of our fish is limited to the three powers which have signed this convention, namely Canada, the United States and Japan. Other powers have not signed the convention, and therefore are not bound in any way by its provisions. Therefore, so far as the fish on the west coast are concerned, they are protected only to the extent that this convention applies to Japan, the United States and Canada.

Furthermore, the second limitation is that only three species of fish on the Pacific coast are protected at the present time, namely salmon, halibut and herring. Other species of fish are not now protected, and can be protected only until such time as the three powers signing the convention will accept the fact that any other species of fish which it is Canada's desire to preserve can be proved to have been scientifically conserved and fully utilized.

The third limitation to which objection is taken is the limited period of time this convention is in force, because after a period of eleven years and one day any of the contracting parties may discontinue the convention at will.

The reappearance of Japan as a great fishing power on the Pacific ocean is already causing many repercussions. I pointed out some of the activities Japan was entering into when we were discussing this measure at the resolution stage. I pointed out the number of expeditions Japan was planning for 1953. I showed the expansion that had taken place in Japanese fishing during 1952. Already objection is being taken to the extension of the Japanese fishing interests into the Bering sea by the fishermen of the United States. Also under the peace treaty—and I am not now referring to the convention—Japan is bound to accept any proposal from Australia for the opening of negotiations for another fishing pact, dealing with the activities of the Japanese fishing industry around Australian waters. It is inevitable that such a pact would be based upon this one, which we are now asked to ratify.

All these limitations and reasons would suggest that perhaps the government is in somewhat of a hurry to give ratification to this treaty. I feel that this convention will serve as a pattern for many other fishing treaties and conventions the world over. A thorough examination of it would seem fully justified.

However, we must recognize the fact that a limited degree of security is given to the fish of the Pacific ocean off the coast of British Columbia, and that without this convention there would not be even that measure of security. So I can only hope that the convention will not be considered by any means the last word in fisheries agreements, conventions or treaties, and that further consideration should be given. I hope the minister will refer the bill to the standing committee on marine and fisheries.

Mr. Angus MacInnis (Vancouver East): Mr. Speaker, this is the kind of bill with which the average layman like myself does not feel competent to deal at a time like this. I would hope that the parliamentary assistant to the Minister of Fisheries would consent to sending the bill to the committee on marine and fisheries, so that experts on the fishing industry in Canada might appear before that committee and explain to it those sections of the convention which may not be quite clear to us.

I think people throughout the country will have to realize, as I do, that Japan, with its expanding population of now pretty close to 90 million people, must have access to the fisheries of the Pacific ocean, and that we cannot take the attitude that we must preserve special privileges for Canada. On the other hand we should be careful not to give away something without getting something in return. I am informed that if the treaty were passed in its present form it would limit the expansion of Canadian fisheries into Bristol bay and the Bering sea, and would in no way limit American operations off our Canadian shores. The only advantage that could be shown for this three-way deal is that it would provide a more lenient base for Canadians fishing in the waters of the gulf of Alaska. But here again the advantage is not very clear.

So I would hope that, even if it would require a little time, the minister would refer this treaty to the standing committee on marine and fisheries, where we could give it closer study.

Mr. E. T. Applewhaite (Skeena): Mr. Speaker, I feel myself in considerable sympathy with the opening remarks of the hon. member for Vancouver East (Mr. MacInnis) when he referred to the difficulty of one who is more or less a layman, in the matter of foreign treaties, endeavouring to discuss this subject.

At the same time, as one who took a small part in the negotiation of this treaty, I consider it my duty to express my views to the house on the subject. Further, I flatter myself that perhaps to some slight degree I may be of some help in explaining those sections of the bill and those portions of the treaty which may be causing some worry.

Before going into the subject matter of the treaty I should like to trespass for a few moments upon the indulgence of the house to refer to those Canadians who were responsible for bringing these negotiations to their present stage. I am sure the present Minister of Fisheries (Mr. Sinclair) would be in full agreement with me, if he were here to hear me say that the fact that the Hon. R. W. Mayhew was at the head of the Canadian delegation, and to a large extent set the tone of the negotiations in Japan, contributes in no small measure to the fact that we did come out of these negotiations with a treaty.

Of the others who were there, Mr. Stewart Bates, the deputy minister of fisheries—and this is no reflection on the then minister at all—was undoubtedly the leading member, irrespective of which nation you refer to, in these negotiations. Mr. Bates proved to me to be, first, a bonnie fighter when the interests of Canada were concerned, and second, an expert diplomat when, and there were such occasions, it looked as though negotiations might perhaps break down. The job that he has done for us, for the fishermen of the Pacific coast, is outstanding. Mr. Arthur R. Menzies, who was at the time chargé d'affaires for Canada in Tokyo, took an active part throughout the negotiations, and this was just one of many arduous jobs that he has performed and performed well for Canada. We had with us Mr. Samuel Ozere, legal adviser of the Department of Fisheries, who has been described to me, and not by a member of the Department of Fisheries, as the outstanding lawyer on territorial waters on the North American continent. We had as advisers, Dr. Hart, our scientific director of the Pacific biological station, and Mr. John M. Buchanan, president of B. C. Packers. Dr. John Hart, as biologist, and Mr. Buchanan as speaking for the industry both added considerably to the weight of the Canadian delegation. And so I think you will find, Mr. Speaker, that with one exception you had out there a group of men who have done a very fine job for the fishing industry of the Pacific coast and whose work was a credit to themselves and to the country which they represented.

I should like to put myself on record now as saying with all the modesty of which I am capable—

Mr. Macdonnell (Greenwood): Oh!

Mr. Applewhaite: —and I note the interruption of the hon. member for Greenwood—that if my parliamentary career were to be cut short at five o'clock tonight I would feel that I had some ground for pride and satisfaction in that I had been able to contribute in a small way to the production of this treaty.

The subject matter of the treaty itself and the whole treaty clause by clause were referred to the standing committee of this house on marine and fisheries at the last session, and that committee considered the treaty and reported entirely with unanimity and almost non-politically. I have not a very long parliamentary career, and I do not know whether it is usual or very unusual that when a report is being submitted on a bill some private member of a committee should move that the word "unanimously" be inserted. That was done in this case and the committee's report came in reading "unanimously". Of course, that could not have happened had any one member of the committee raised his voice against it.

The committee in its deliberations, I think, discussed this matter and looked at it entirely from a non-political point of view. The treaty's main—no, it would not be fair to say only—result is that we have protected for the lifetime of the treaty the halibut, the herring and the salmon of the Pacific coast of Canada. That is only three species out of all the species of fish that we fish for on that coast, but in the calendar year 1951, the last for which I have complete figures, the landed value of these three species on the Pacific coast was $37,821,945. The landed value of all the other species combined was $3,075,000. Therefore we have given protection during the lifetime of the treaty to these three species, which represent well over ninety per cent of the dollar value of our Pacific catch at the present time.

Why do I say, the "lifetime of the treaty"? I say that because in the treaty there is a fixed period of five years only. But the treaty does say that that protection for these three varieties of fish shall remain in force after the expiry of the five-year period until such time as all three governments, through their representatives on the commission, decide that halibut, herring or salmon no longer qualifies for or no longer requires that protection. In other words, the protection is there until Canada voluntarily relinquishes it, because protection is there until Canada's representatives on the commission state that it is no longer required.

I made reference, Mr. Speaker, to the unanimity and to the non-political aspect of the committee which considered this treaty. And at the time I was sitting on the committee I considered that that was a statement of fact. The hon. member for Nanaimo (Mr. Pearkes), when speaking on the resolution stage of this bill, at page 3379 of *Hansard* spoke of—

> —a certain amount of misunderstanding which existed on the west coast, and a good deal of controversy which took place, . . .

I would say, and I think not unkindly, that the hon. member for Nanaimo has contributed in no small way to that measure of misunderstanding which may have existed on the coast and to the measure of controversy which has been raised on the coast in connection with this treaty, because the hon. member for Nanaimo, in my opinion, did not introduce politics into the committee on marine and fisheries, but did take the committee on marine and fisheries into politics. And it is regrettable, because the hon. member for Nanaimo carries a lot of weight on

the Pacific coast, and the things which he says are presumed to be based upon knowledge and upon facts. Things which perhaps I might say, or some lesser light unknown on the coast, would have very little effect. But when people reach that stage in the esteem of their province which the hon. member for Nanaimo has reached, they should exercise more than the usual care. I find in the *Argus*, published in Courtenay, B.C., of June 11, 1952 under the heading "Fishery treaty grave danger to Province. Leader of B.C. Conservatives so views it", the following:

> The potential danger to the B.C. fishery industry of the Japanese fishery treaty was not appreciated, said General George Pearkes, V.C., in his speech at Campbell River on Thursday night in support of the Conservative candidate, Dr. Bruce Gordon.

The article goes on quoting the hon. member as saying:

> For many years Canada had been spending millions of dollars to conserve their halibut and their salmon and after five years if the Japanese did not choose to sign the treaty again they could fish for these species of salmon, halibut and herring right up to the three-mile line.

That statement was made, Mr. Speaker, despite the fact that the hon. member was at the time a member of the committee on marine and fisheries. The same meeting is reported in the *British Columbian*, published at New Westminster, in the issue of Friday, June 6, 1952, under the heading "Pearkes Raps Fish Treaty" and I quote:

> Campbell River, June 6 (BUP): Concern about a serious threat to British Columbia's fishing industry posed by the recently-signed Canadian-American-Japanese fishing treaty was voiced in Campbell River last night by Major-Gen. George Pearkes, Progressive Conservative M.P. for Nanaimo.
>
> Pearkes explained that under terms of the treaty the Japanese could fish B.C. waters at the end of a five-year period.
>
> "We've spent millions of dollars on fisheries research to benefit our own fishing industry. And now it appears the Japanese are to reap the benefit of this expenditure," he said.
>
> He charged that the House of Commons committee investigating the treaty had been composed mostly of eastern Canadian Liberals who had no real grasp of the situation on the west coast.
>
> "They gave scant attention to my protests and to the representations of the united fishermen and allied workers' union", he declared.

I have the verbatim report of the standing committee on marine and fisheries for last year. I should mention at this stage that on or about May 30 the committee chairman received from the hon. member for Nanaimo (Mr. Pearkes) a very reasonably worded letter suggesting that the matter of territorial waters be referred to the Department of External Affairs. I have the minutes of the proceedings of the committee here and I will be glad to take time out of my forty minutes to read into the record any protests against this treaty to which the hon. member referred and to which the eastern Liberals who packed that committee paid no attention. I would quote from page 134 of the proceedings of June 5, where the hon. member for Haldimand (Mr. Catherwood) is reported as having asked the following question:

> Mr. Chairman, I wonder if this committee could recommend to the external affairs department the suggestion that Mr. Pearkes has made in regard to the definition of Canadian territorial waters. I think this matter is one of extreme importance and it would be in order to suggest to the Department of External Affairs that they re-examine and go into this matter very thoroughly so we will have a more precise definition of territorial waters, which I think will be of some help to us all.
>
> The Chairman: In that regard, I might point out that there is an interdepartmental committee studying that matter at the present time. Do you not think that would cover it sufficiently?
>
> Mr. Catherwood: Yes, perhaps it will.

The hon. member for Nanaimo charged that the House of Commons committee investigating the treaty had been composed mainly of eastern Canadian Liberals who had paid scant attention to his protests. So far as I know that was the only protest, if it can be regarded as a protest, which the hon. member made, and a reply was given at that time to the hon. member for Haldimand. I point out that the meeting in British Columbia to which I have referred was that of June 5. The committee continued to sit until June 10; its report had not been given consideration on June 5, and I query the desirability of discussing the sittings of a committee on the hustings when the same people could not discuss it on the floor of this house, which was also sitting. If one can learn anything from the Ottawa *Journal* of Monday, March 23, 1953, I assume that discussing committee proceedings outside the house while the house is in session is still a practice that is engaged in.

Let us look at the accusations which undoubtedly did cause, and should have caused, considerable misunderstanding on the Pacific coast, and I quote:

> We've spent millions of dollars on fisheries research to benefit our own fishing industry. And now it appears the Japanese are to reap the benefit of this expenditure.

We have been spending those millions of dollars for a good many years and up until the meeting in Tokyo in December, 1951, there was nothing on earth to stop the Japanese reaping the full benefit of that expenditure other than the armed might of Canada and the United States if they chose to go to war over it. By introducing this treaty we have worked out by agreement with the Japanese a situation whereby they cannot

reap the benefit of it. Because those millions of dollars which we have spent protecting the fisheries of the Pacific coast have been spent solely on salmon, halibut and herring is why salmon, halibut and herring are the only species covered by the treaty.

With reference to that, I should like to quote briefly from page 36 of the minutes of the committee for May 8. The witness was Mr. Stewart Bates, deputy minister of fisheries, and the questioner was the hon. member for Nanaimo. Referring to territorial waters, Mr. Bates said:

> The question of Hecate strait that has been raised by the hon. member is one of the undetermined questions as between Canada and the United States. Canada claimed territoriality in these waters over fifty years ago, but took no steps then to enforce that claim against U.S. fishing vessels. Article No. 1 makes it plain that this document does nothing to affect territoriality and it makes it plain that the treaty does nothing to affect our future claims to territorial waters.
>
> Article No. 1—

That is, of the treaty.

> —paragraph 2, refers to that. Nothing in the convention can adversely affect our claim to territorial waters—any claim we wish to make. So, in effect the convention leaves the question untouched. You have asked specifically if it permits the Japanese to fish in Hecate strait. I think that, should a Japanese vessel appear in the Hecate strait, it would probably lead to appropriate action by the Canadian government. We have already claimed the straits as territorial waters. We have permitted the United States to fish there but members on this committee from the Atlantic coast know that Canada accords the United States by treaty and understandings many rights that are accorded to the fishing vessels of no other country.

I agree entirely with the plea which the hon. member for Nanaimo has made, and which I understand has been supported on more than one occasion by the hon. member for Vancouver East, that the sooner we define our territorial waters on the Pacific coast the better it will be for all concerned. My limited understanding of the international legal situation is that when you define territorial waters you define them against the world. The job of the negotiators who went to Tokyo was not to define territorial waters against the world; we had no power to do that. We were there to make a treaty, an agreement with the Japanese whereby they would keep out of certain of our fisheries. In so far as the major items of our fishing are concerned, that is what they have done.

The treaty contains a great many high-sounding clauses which are difficult to interpret. It was outlined, I think most comprehensibly, by the parliamentary assistant when he introduced it. It is based upon the one assumption that you can ask only for those things for which you have some legitimate reason for asking. We asked the Japanese to keep out of our fisheries upon which we had spent money conserving and building up. Our reasons for asking that were three: We are spending that money; we are controlling and regulating our own fisheries in those areas; and we are continuing to carry out scientific investigations with a view to building up a permanent yield in that area.

As long as we are doing those three things and can satisfy ourselves and others that there is not room to take more fish where we are fishing, we were entitled to go to Japan, as we would be entitled to go to any other country, and get them to agree to leave to us the business that we had built up. But we could not go to Japan and make an agreement which would be binding on Russia or on Peru. The question may be brought up—why all the hurry? Why do you not take a lot more time and get hold of many more nations? Japan was just returning to its sovereignty. It was just coming back into the position where it would be a factor in the fishing of the world. The negotiations were carried on, as everyone knows, in San Francisco and a peace treaty was signed. At that time the Japanese agreed to enter into negotiations immediately for a fishing treaty. Another reason why we did not make treaties with other nations at that time was that on the Pacific coast the only real fear was a fear of the Japanese. It was a fear which we regarded—and when I say "we" I mean the people of Canada—as so justified that we lost no time in making a treaty to protect our interests. If we had had to call a Pacific conference with Russia, China and the Philippines there would still have been no treaty.

I have not the slightest objection to anybody, friend or foe, poking holes in the treaty where they can find them, and it is not perfect; but I do protest most strongly against the creation of the impression on the Pacific coast or elsewhere that the treaty does things which it does not, or does not do things which it does. I say definitely that it does not enable the Japanese to come here and fish salmon, herring and halibut at the end of five years. It does not allow them to come here and fish those species at the end of ten years unless, first, the treaty is abrogated by some nation, or, alternatively, the Canadian representatives on the commission, which must always be unanimous, decide that these species require no more protection.

In general one of the greatest accomplishments of the treaty was not in connection with the Japanese. It was getting a legal and binding agreement with the United States of America, the third party, that, owing to the intermingling of fish on the Pacific

coast of this continent and to the intermingling of fishing operations, no abstention from fishing on the high seas off the Pacific coast of North America would be asked by the Canadians or the Americans against each other. Let no one try to tell me that by making that agreement we gave the Americans more than we got. You know, on a rough measurement the Pacific coast of the United States of America and the Pacific coast of Alaska, which is included, are four and one-quarter times the length of the Pacific coast of British Columbia. In mentioning that figure I am ignoring entirely the coast of the Aleutian peninsula, and the Aleutian islands, on the east side of which we have the right to fish under this treaty.

The prime reason of course was that it is almost impossible to segregate on the fishing banks, whether they be north or south of the international boundary line, salmon which may have been born in the Fraser river or in the Columbia river or in an Alaskan river, or halibut which may have been spawned in Canadian or United States waters. But by obtaining that commitment on the part of the United States of America we have brought to the fishermen of the Pacific coast a security of asset which it is hard to overemphasize. In so far as territorial waters are concerned, the subject is not irrelevant because territoriality is specifically protected in the treaty. We put in a clause that nothing in the treaty shall affect any claim any of us may choose to make, but the question of territoriality was not one for negotiation at all. We do not have to go to Tokyo to keep the Japanese out of our territorial waters. We have always had the legal right to keep them out. Therefore I say, with due respect to contrary opinion, that I think it is unfortunate that the very important subject of the protection of the high seas fisheries should be mixed up and clouded with the equally important subject of the definition of our territorial waters.

In that connection I might mention that "territorial waters" as such is a term that usually has reference to matters of navigation and originally concerned navigation by foreign warships. I think we may yet reach the stage where we may be able to extend our legally recognized interests in fishing much farther from our coast than we are able to extend our territorial waters, our control over the use of the seas as a highway by the people of other countries.

There is a third point which has been entirely ignored and overlooked in all discussions of the treaty, both by its supporters and by its opponents. The treaty sets up an international commission representing the three countries. That international commission is a permanent body and its job will be not only to carry out the punitive clauses of the treaty but to investigate—the instructions are there—and report on the conservation and the building up of all stocks of fish which come within the convention area, which is the whole north Pacific ocean from Japan to Canada.

A great deal has been said, and rightly so, about the terrific economic pressure upon the Japanese for food, and that fish is one of their main foods. If the commission, as set up under the treaty, gets operating and gets to work, and is even fractionally as successful as have been the international commissions set up by Canada and the United States on the Pacific coast, it will have the effect of building up and increasing the perpetual yields which the Japanese can take from the fisheries which are normally tributary to Japan, and to that extent will have no small effect in relieving the economic pressure on Japan, and therefore relieving the incentive to her to go to other waters, including our own, for fish. That is a matter of no small importance.

I should like to refer to one or two specific points that have been brought up in the debate. With reference to Canadian fishing in Bristol bay, the protocol to the treaty makes provision for Canadians to fish salmon in Bristol bay if it is established that there are any fish of Canadian origin there. I quote one sentence from the protocol:

> The commission to be established under the convention shall, as expeditiously as practicable, investigate the waters of the convention area to determine if there are areas in which salmon originating in the rivers of Canada and of the United States of America intermingle with salmon originating in the rivers of Asia.

That was with reference to the northern part, the Bering sea and so forth. So we have a treaty which is undoubtedly of general benefit. The question is: Why hurry? We are not in a hurry. We are the laggards. We are the ones who are dragging our feet. The Japanese and the Americans ratified this convention months ago. We are faced now with two alternatives. As a matter of fact we are right back where we started from. There was a demand over a great many years for a treaty with Japan to keep them out of our preserved fisheries. That treaty we have got. Then what logical objection can there possibly be against ratifying it? As to the necessity of referring the matter to the standing committee on marine and fisheries, the treaty was referred to that committee last year. It was gone over there clause by clause. We had the advantage of the evidence of such people as Stewart Bates, the deputy minister,

the legal adviser and legal advisers from the Department of External Affairs. We had representations from the fisheries council of Canada, from the united fishermen and allied workers' union, from—I speak subject to correction—certain branches of the industry, and others.

The committee first sat on the treaty on April 24. It brought in its report, having had its final sitting on June 10. The reason for the length of time was that after its original meetings public notice was given to everybody who, according to the files of the Department of Fisheries, had shown any interest. They had an opportunity to make their representations and they did make them. The whole field has been gone over.

There is nothing in the bill other than what is in the treaty—other than just the necessary provisions to give the treaty legal effect. The matter has been approved by the committee and there is not any necessity to have the same committee do the same job again.

The fisheries of the Pacific ocean require to have this protection against the fisheries of Japan. The fishermen of the Pacific coast require the clarification which this committee gives to the legal situation regarding fishing in high seas waters, and in the respective waters of Canada and the United States. If we do not ratify the treaty now we are either going to ratify it later or we are going to find ourselves in the position of having to start afresh and negotiate another treaty. In any event, every month's delay is an invitation to those whom this treaty would keep out to come in and take advantage of the time we are giving them.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, I should like to support the request which has been made by the hon. member for Nanaimo (Mr. Pearkes) and the hon. member for Vancouver East (Mr. MacInnis) that this bill be sent to the standing committee on marine and fisheries. That committee could sit next week so there would be no delay whatever. Bills will not be assented to for a matter of some weeks in any event, and the very fact that this bill is not only the convention but also contains various provisions for carrying out that convention warrants, I think, our request that the bill be sent to that committee.

Mr. MacDougall: Why?

Mr. Green: That is particularly important because just two or three weeks ago in this house we dealt with a new act known as the Coastal Fisheries Protection Act and the provisions of this north Pacific fisheries convention act should be carefully fitted in with the terms of the Coastal Fisheries Protection Act. I believe that can best be done by sending the bill to the committee. After all, there is not a great deal of point in having such a committee if bills of this type are not to be considered by it.

Mr. Applewhaite: It has been considered.

Mr. Green: I am sure that the committee would go over the bill very carefully and that the general result would be to the benefit of all parties concerned.

The hon. member for Skeena (Mr. Applewhaite) has spoken with some heat. No doubt that has been engendered by the fact that he has had a pretty hard time telling his story to the fishermen of British Columbia.

Mr. Applewhaite: Oh, no.

Mr. Green: I thought he weakened his submission a great deal by making an attack on the hon. member for Nanaimo.

Mr. Applewhaite: That was not an attack.

Mr. Green: After all, in my hearing, no one on the coast has claimed that this treaty is perfect, and quite a few people have spoken to me about it.

Mr. Stuart (Charlotte): Neither has the hon. member for Skeena claimed that.

Mr. Green: They all agree that the treaty is not as good as they would like it to be; and I do not believe it helped very much to have the hon. member for Skeena come in this house and proceed to endeavour to kick the hon. member for Nanaimo around because of some statements the latter member had made at the coast.

Mr. Pearkes: Or is purported to have made.

Mr. Green: Yes. You see, Mr. Speaker, there are many problems which are not settled by this treaty. For example, I would refer you to fisheries other than halibut, herring and salmon. The situation of Canadian fishermen with regard to those other fisheries is not helped at all by the treaty. It is very significant too that we read in the press within the last week that the Japanese crab fleet is now setting off for Alaskan waters. I have here the Vancouver *Province* of March 28 which carries a dispatch from Tokyo:

> A crab fishing fleet of thirteen ships will leave in the next few days on the first postwar Japanese fishing expedition in Bristol bay, Alaska.

There is nothing to prevent a Japanese crab fleet from coming to the British Columbia coast and fishing for crabs in Hecate strait or in any other of our coastal waters which are not now described as territorial waters.

North Pacific Fishery

This is one problem which still has to be settled, and is another reason for great concern on the coast. The government seems to be pussyfooting about this matter of territorial waters. This afternoon I listened very attentively to hear the hon. member for Skeena say whether or not he thought Hecate strait should be considered Canadian territorial waters; but he made no such suggestion. In fact, he intimated that territorial waters were not very important in so far as this bill is concerned. Yet I would point out, Mr. Speaker, that the whole treaty is based on the fact that it covers what is described as a "convention area". From that convention area there are excluded by this bill the territorial waters of the different nations which are parties to the treaty. As far as territorial waters are concerned, if I understand the treaty correctly, a nation can prevent other countries fishing in its territorial waters.

If Hecate strait were considered to be territorial waters, then the Japanese crab fleet could not fish there, the Russians could not come in and fish there, nor could United States fishermen, without our consent. There is concern about the Americans fishing in Hecate strait. On March 20 I asked the parliamentary assistant to try to get me some information about the extent to which the Americans had been fishing for crabs in that strait. I said at page 3163 of *Hansard:*

> When the parliamentary assistant is doing that,—

He was getting some other information.

> —would he also try to find out what amount of crabfish has been caught by the Americans in Hecate strait. Surely that information can be obtained in one way or another; and it brings up this whole question of what are Canadian territorial waters. Could the parliamentary assistant get that further information?

The reply was:

> If it is possible to get that information I will get it.

Now, I cannot see any reason why Canada does not take a firm stand and declare that Hecate strait is Canadian territorial water. This question of territorial waters is of great interest in several countries. In the United States, for example, it is becoming a particularly important question because of the offshore oil. Those members who are interested will find a very enlightening report in the current issue of *U.S. News and World Report* for April 3. The article is entitled "Offshore Oil; What's It About". In our neighbouring country they are now deeply concerned about the question of offshore rights, not only the extent of territorial waters but also the distance to which the United States can control the resources in or under the water.

[Mr. Green.]

For example, in 1945 President Truman laid claim to the resources along the continental shelf off the United States, but apparently the United States government has been careful not to claim that United States boundaries extend that far. They are claiming some right to the resources. Some of the states are claiming rights as far out as 30 miles off the coast. The state of California claims that it has rights 30 miles out to the outermost islands of California; Louisiana claims 27 miles; and Florida and Texas claim 10·5 miles. Apparently in the United States they have now reached the point where they are considering taking the stand that they are entitled to rights as far out as 250 miles from the coast.

With these developments occurring in the United States, the Canadian government should at least be able to make up its mind about Hecate strait, which lies between the Queen Charlotte islands and the mainland of British Columbia. I do not believe there is a single reason why that strait should not be declared Canadian territorial water. In so doing, we would at least eliminate one of the objections raised in connection with this bill.

In any event, Mr. Speaker, I do urge the parliamentary assistant and the Acting Minister of Fisheries (Mr. Winters) to have this bill referred to the standing committee. Such a move would mean that it would be carefully considered. The issue is of sufficient importance to warrant that action being taken. I find that when there is a great rush to get legislation through, and a lot of war whoops are given out about the great danger of delay, that we must act quickly in this case because if we do not the Japanese will get us, or some such plea for quick action, usually we end up in a position which is not nearly as beneficial as would be the case if we had taken a little time and done the thing properly. I hope the government will agree to having the bill referred to the committee.

Mr. J. L. Gibson (Comox-Alberni): I intend to be very brief this afternoon, Mr. Speaker, because I think the hon. member for Skeena (Mr. Applewhaite) has done an extremely good job of analysing this legislation and putting it into understandable form for those members of the house who are perhaps not familiar with our fisheries problems on the Pacific coast. I agree with what he said about the committee on marine and fisheries having already considered this treaty very carefully, and having brought in a unanimous report supporting the signing of this agreement by Canada.

Personally, I welcome this treaty because it seems to me that it brings into being what I hope is a new era in Pacific fisheries relations. This problem of the protection of our

coastal fisheries is one with which I am very familiar. I well remember when I was a lad 25 years ago fishing for pilchards off the west coast of Vancouver island. We were always concerned about rumours and reports that the Japanese were going to move into our territorial waters and take our pilchards, salmon, herring and halibut. It appears to me that, for the first time in history, this treaty will afford these fisheries some protection. I must say that, after all those years, I am very glad that we have finally decided to afford some protection to this very valuable asset. We have our salmon, our halibut and our herring, which are the principal fisheries resources on the Pacific coast, and they are now to be given what is considered to be the most adequate measure of protection possible under existing conditions. I would say to the parliamentary assistant I would be very happy, when this international commission is set up, if this question of the conservation of pilchards could be considered.

I recall that at one time off the west coast of Vancouver island we took some 200,000 tons of pilchards a year. Owing to the lack of international co-operation of the United States fishermen and the lack of protection given by the United States government to the pilchard fisheries off the coast of California, we find that there are no pilchard fisheries operations off our British Columbia coast at all. As a result, several million dollars' worth of fisheries products have been lost. I am glad to learn that the United States government has seen fit to put a closure on the catching of pilchards off the coast of California for a five-year period. It seems to me that this international fisheries commission which will be set up under this bill would be an effective agent to see that this fishery is brought back. I would hope that this example of international co-operation might motivate that great nation, Russia, to join us in this fisheries treaty in due course.

Like other hon. members, I am extremely happy to see that a special committee has been set up by the Department of Fisheries and the Department of External Affairs to consider the problem of our territorial waters. I realize just how important the problem of the definition of our territorial waters is, and from my experience on the committee on marine and fisheries I understand just how complicated and involved a problem it is, both from the legal aspect and from the economic aspect.

I must say that I have always felt Canada was short-changed, perhaps by the unfortunate representation we had in the early days when treaties were made on our behalf before we achieved national sovereignty. Perhaps our interests were not as well protected as they might have been. I can also appreciate the fact that the United States feel they have a historical claim to the fishing in Hecate strait, and there are those who say we should deny them access to these waters. On the other hand, we must never forget that the United States provides the best market for our fisheries products, and the fisheries industry of Canada would be in a most unfortunate position if it were not for that market.

I feel that this treaty represents a historic advance in international relations. It provides additional protection to the great majority of our fisheries, and I believe it is worthy of the support of this house.

Mr. Deputy Speaker: If the parliamentary assistant speaks now on behalf of the minister, he will close the debate.

Mr. J. Watson MacNaught (Parliamentary Assistant to the Minister of Fisheries): I feel that I should make a few remarks, Mr. Speaker, in connection with the request of the hon. member for Nanaimo (Mr. Pearkes), the hon. member for Vancouver-Quadra (Mr. Green), and the hon. member for Vancouver East (Mr. MacInnis), that this bill be referred to the standing committee on marine and fisheries for further consideration. If this had been the first time the convention had been before the house, I would be inclined to agree, and in fact I would agree with the request. But, as was pointed out by the hon. member for Skeena (Mr. Applewhaite), as well as by the hon. member for Comox-Alberni (Mr. Gibson), this convention was before the house at the last session of parliament. At that time it was debated fully at the resolution stage, and was then referred to the standing committee on marine and fisheries, where 146 pages of evidence were taken.

Opportunity was given by the committee for all interested parties to make representations. Very satisfactory evidence was given before the committee, particularly that of the deputy minister of fisheries wherein he explained the terms of the treaty. Then there was satisfactory evidence by Mr. Ozere, director of legal services in the Department of Fisheries, who explained the technical aspects, and further evidence of a legal nature by Mr. Erichsen-Brown, of the legal division of the Department of External Affairs. He gave very helpful evidence on the involved and complex problem of territorial waters. Then there was evidence from a representative from British Columbia, Mr. Homer Stevens, the secretary of the united fishermen and allied workers' union. His evidence took most of one day, and he was examined and cross-

examined by members of the committee. So I do not believe any useful purpose could be served by referring the convention again to the standing committee on marine and fisheries.

With respect to those observations concerning territorial waters, I can only repeat what I said before, that this matter is one of great complexity. The government has set up a committee composed of representatives from various departments who, at the present time, are considering this problem.

Mr. MacInnis: Mr. Speaker, may I speak to a question of privilege. When I spoke earlier I asked that this bill be referred to the committee on marine and fisheries. I must explain that during the last session I was not able to follow the business of the house, and I did not know that the treaty itself had been referred to that committee last year, and had received consideration.

Motion agreed to and bill read the second time.

Mr. Fournier (Hull) moved that the house go into committee on the said bill.

Mr. Deputy Speaker: Is it agreed that I do leave the chair for the house to resolve itself into committee on the bill?

Mr. Pearkes: On division.

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

On section 1—*Short title.*

Mr. Green: Has the parliamentary assistant been able to get the information concerning crab fishing by Americans in Hecate strait?

Mr. MacNaught: Mr. Chairman, I have been unable to get any additional information. As soon as it is available I shall give it to the hon. member.

Mr. Gibson: Where would that information be available? Would it have to be obtained from the Americans, perhaps at Seattle?

Mr. MacNaught: So far as I know that would be the only source from which the information could be obtained. We have no information otherwise.

Mr. Gibson: The parliamentary assistant does not know whether or not it is available?

Mr. MacNaught: No, we do not know.

Mr. Pearkes: I asked whether there had been any incidents of Americans fishing for crabs within the territorial waters of Canada in Hecate strait.

Mr. MacNaught: My information is that there are no instances of that kind.

Section agreed to.

[Mr. MacNaught.]

On section 2—*Definitions.*

Mr. Green: I find in this section a definition of the term "convention area", and that it means all waters, other than territorial waters, of the north Pacific ocean, including the adjacent seas. Does that definition mean that the question as to what are or are not territorial waters is left entirely to the different countries who are parties to the treaty?

Mr. MacNaught: The answer is yes; it is left entirely to the countries themselves to determine their own territorial waters.

Mr. Green: That is, the Americans can say that such and such waters are American territorial waters, and Canada can do the same thing?

Mr. MacNaught: That is correct.

Mr. Applewhaite: Perhaps it would be advisable if I were to put on record what the convention says in this particular. It says, in article I, paragraph 2:

> Nothing in this convention shall be deemed to affect adversely (prejudice) the claims of any contracting party in regard to the limits of territorial waters or to the jurisdiction of a coastal state over fisheries.

That was put in there to protect all of us in making any claims as to territorial waters we might have in mind, or which might have been made and not accepted.

Mr. Green: In the paragraph to which the hon. member has referred there is a differentiation between territorial waters and the jurisdiction of a coastal state over fisheries. What does that mean?

Mr. MacNaught: Up to the present time there has been no difference between the two. One is co-extensive with the other.

Mr. Green: Does it mean that while Canada can claim that territorial waters extend only three miles from low tide, she could claim that she had jurisdiction over fisheries ten or fifteen miles out?

Mr. MacNaught: Canada most certainly could make that declaration, but whether it would be accepted by other countries is another matter. There is nothing in the treaty or convention to prevent Canada saying that our territorial waters shall extend four miles or six miles or ten miles; but the matter as to whether it would be acceptable to other countries would at once arise.

Mr. Green: Do the words "coastal state" apply to a state of the union? Are they meant to cover a claim by, we will say, the state of California; or do those words mean only a claim by a nation?

Mr. MacNaught: I am informed that it covers all claims.

Mr. Green: By a state of the United States as well as by the nation?

Mr. MacNaught: That is right.

Mr. MacInnis: What is the definition of Canadian territorial waters at the present time? What distance from the shore out to sea is considered territorial waters?

Mr. MacNaught: The answer to that question is generally three miles.

Section agreed to.

Section 3 agreed to.

On section 4—*Regulations.*

Mr. Pearkes: May I ask a question on paragraph (a) of section 4, which has to do with the conservation and protection of fish in the convention area? Does that mean that Canada may pass regulations for the conservation and protection of other species of fish than salmon, halibut and herring, and provided the requirements for full utilization and scientific conservation are met on that, then the three contracting powers will agree to these other species being included?

Mr. MacNaught: If the commission makes the recommendations, this section gives the government of Canada power to make regulations relating thereto.

Mr. Pearkes: Has the government of Canada or the department under consideration including any other species of fish, because a good deal of exploratory work has already been carried out at the biological station at Departure Bay on several other species of fish and money has been expended on other species of fish beyond merely the salmon, halibut and herring.

Mr. MacNaught: No other species of fish has yet met the whole three regulations; some have met one and some have met two, but none except salmon, halibut and herring has met the three necessary conditions.

Mr. Pearkes: Of course no other power except the three contracting parties would be governed by these regulations.

Mr. MacNaught: That is right.

Mr. Green: Why is subparagraph (i) of paragraph (b) of section 4 limited to Canadian fishing vessels? I understand that it is not in general terms such as the other clauses and thereby applicable to any vessel that is exploiting the stocks of fish in any part of the convention area.

Mr. MacNaught: The government of Canada can only enforce the regulations against its own nationals. The United States similarly has power to enforce against its nationals under similar legislation.

Mr. Green: I suppose there is nothing to prevent countries having different regulations, or not having any regulations at all, with regard to some particular subject. If that is so the result might be that Canada would have regulations prohibiting Canadian vessels from exploiting an area; the United States might have different regulations, and then a United States vessel could come in and exploit the area while the Canadian vessel could not?

Mr. MacNaught: No; the commission will make the recommendations and regulations, and they will be identical for the three countries.

Section agreed to.

Section 5 agreed to.

On section 6—*Seizure and arrest for violation of convention.*

Mr. Pearkes: Again I presume that the seizure referred to applies to seizure on the high seas, and only on the high seas; is that correct?

Mr. MacNaught: That is correct.

Section agreed to.

On section 7—*Jurisdiction of courts.*

Mr. Green: If a United States vessel commits a breach of the regulations all the Canadian authorities can do is to seize the vessel and then turn it over to the United States who will do the fining or the imprisoning or the forfeiting of the ship; is that so?

Mr. MacNaught: That is correct. A similar provision applies in the operations of the halibut and salmon commissions.

Mr. Gibson: This does not affect our jurisdiction over territorial waters at all in so far as United States ships are concerned?

Mr. MacNaught: Seizures and arrests within territorial waters are covered by the Coastal Fisheries Protection Act we passed about two weeks ago.

Section agreed to.

Sections 8 and 9 agreed to.

On the schedule.

Mr. Pearkes: I should like to say a word on section 3 of article VI of the schedule. It says that the contracting parties agree to meet during the sixth year after the ratification of this convention. I think that may explain the difficulties of the hon. member for Skeena and the misapprehensions that the hon. member was suffering under.

Schedule agreed to.

Annex agreed to.

Protocol agreed to.

Title agreed to.

Bill reported, read the third time and passed.

EMERGENCY GOLD MINING ASSISTANCE ACT

CHANGE IN DEFINITION OF RATE OF ASSISTANCE

Hon. George Prudham (Minister of Mines and Technical Surveys) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Emergency Gold Mining Assistance Act to provide greater assistance to the mining industry by changing the definition of the rate of assistance to one-half the excess of the cost of production per ounce over $18, with a maximum of $13.50, to provide further that the new rate of assistance shall be applicable to the number of ounces of gold produced by a mine in 1953 in excess of one-half of base year production or to one-half of 1953 production, whichever is larger.

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

Mr. Prudham: Mr. Chairman, I should like to reserve any statement I have to make on this for the second reading of the bill. Several hon. members wish to speak on this matter and they are not here today. I think we could very well save time by my reserving my statement until that time.

Mr. Knowles: Perhaps it might be understood that the main debate could wait until other interested parties are here at a later stage, but it seems to me it would be desirable that there be put on the record now a statement as to the purpose of this legislation.

Mr. Abbott: It is a continuation of the existing policy.

Mr. Knowles: The resolution seeks something more than that.

Mr. Prudham: The resolution states clearly what we propose to do. It is just an extension of the Emergency Gold Mining Assistance Act which has been debated many times in the house. There is no change in policy. It is just an extension of the assistance.

Mr. Knowles: Both the Minister of Finance and the Minister of Mines and Technical Surveys say that it is just an extension; that it involves no change in policy. Will they explain the meaning of the words in the resolution which read:

. . . to provide greater assistance to the mining industry—

Mr. Prudham: I do not think that there can be any misunderstanding of the resolution. It states clearly how we propose to extend it and for how much.

[Mr. Pearkes.]

Mr. Knowles: But it is not just an extension of time. It is now clear that there will be an increase in the assistance to the gold mining industry.

Mr. Abbott: There are minor changes in the formula.

Resolution reported, read the second time and concurred in.

Mr. Prudham thereupon moved for leave to introduce Bill No. 329, to amend the Emergency Gold Mining Assistance Act.

Motion agreed to and bill read the first time.

TRANS-CANADA AIR LINES ACT

INCREASE IN NUMBER OF DIRECTORS—ADJUSTMENT OF CAPITAL STRUCTURE, ETC.

Hon. Robert H. Winters (for the Minister of Trade and Commerce) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Trans-Canada Air Lines Act, 1937, to provide that the corporation shall be under the management of a board of directors composed of nine persons in lieu of seven; to increase the powers of the corporation, and to adjust its capital structure in such a way as to conform to normal commercial practice.

Mr. Macdonnell (Greenwood): Is the parliamentary assistant going to make a statement?

Mr. Deputy Speaker: It will be recalled that this motion is a formal one and no debate is to take place at this time, in compliance with the recent ruling of Mr. Speaker.

Mr. Knowles: Which we accept without prejudice.

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

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Chairman, this bill has several purposes. It is dictated by the fact that under the new Financial Administration Act, Trans-Canada Air Lines is required to pay taxes. At the moment there are two corporations, Trans-Canada Air Lines Limited and Trans-Canada Air Lines (Atlantic) Limited. The one corporation makes substantial profits and the other corporation loses considerable amounts of money. Under the present situation Trans-Canada Air Lines Limited, the domestic company, is required to pay a substantial income tax while the overseas company pays no income tax. Nevertheless, under the method of financing, the deficit of the overseas company is paid from the profits of the domestic company.

The logical step would seem to be to amalgamate the two companies and avoid excessive taxation against the domestic company.

There is another feature. The capital of T.C.A. is represented by common shares requiring a fixed payment to Canadian National Railways. The company has no funded debt although in my judgment, and I think in the judgment of most people, common stock that requires a fixed payment of 3 per cent is in reality more in the nature of a bond or debenture. It is proposed to retire $20 million of the $25 million and to substitute a $20 million bond which will represent that part of the capital. This is a further effort to bring the financing of the company more in conformity with commercial practice.

Mr. Green: Bearing interest at 3 per cent?

Mr. Howe: The bond will bear interest at 3 per cent. The shares will be like other common shares; they will pay such dividends as the directors may determine and as the financial condition of the company will permit.

There are other minor changes. The number of directors is being increased from seven to nine to provide representation to parts of the country not now represented on the board of directors. The other changes that will appear in the bill are more in the direction of tidying up the act rather than being of importance in themselves.

Mr. Macdonnell (Greenwood): Is the minister sure that the hard-boiled Department of National Revenue will not regard this as a tax-evasion scheme? It seems to me that the splitting up of the capital is a reasonable arrangement. Why should T.C.A. pay a lower rate of interest than the government now pays?

Mr. Howe: I was not correct when I said that the new rate would be fixed at 3 per cent. The rate will be the commercial rate at the time the bond issue is made.

Mr. Macdonnell (Greenwood): Will it be a public issue?

Mr. Howe: No. T.C.A. is a subsidiary of Canadian National Railways. The capital was provided by the government to Canadian National Railways and by them to Trans-Canada Air Lines. The $20 million share capital will be returned to Canadian National Railways and reloaned by them against a bond which will bear the current rate of interest for that type of bond and for the period for which the bond is made. It will be a commercial transaction in every way.

My hon. friend asked if there was evasion of taxation. This is simply an arrangement that bears out the facts. The original idea was that there would be two companies, each of which would stand on its own feet. If there was to be a deficit in either company the wealthy uncle, the government, would make good that deficit. We have never accepted that version of the arrangement; we have always said that T.C.A. is one entity as far as the government is concerned and if one branch makes money and the other branch loses money, the wealthy branch would have to support the poverty-stricken branch. We are simply making legislative provision for that arrangement.

Mr. Macdonnell (Greenwood): The minister does not feel that a crown corporation should have a higher standard in its attitude toward taxation than just an ordinary corporation?

Mr. Howe: No; it brings the act in conformity with commercial practice.

Mr. Macdonnell (Greenwood): With respect to the question of the number of directors, so far as Canadian National Railways are concerned, which have a small number of directors, I have raised the question whether it would not be desirable to have a much larger and more representative board. Would the minister say a word as to his attitude toward the question of increasing the number of directors, which I see he proposes to do here?

Mr. Howe: I had something to do with the reorganization of Canadian National Railways in 1936. Previously the board had consisted of 23 members, I believe, who were all part-time directors receiving an honorarium. It was thought at that time that the railroad was not receiving the attention from the directors that its affairs would seem to warrant. The number had been first reduced to a receivership of three in 1932 or 1933 when the board of 23 was done away with. A receivership of three was installed at that time, and in the reorganization of 1936 it was decided that a board of seven would be large enough to give reasonable representation and small enough so the directors could be paid a salary and be expected to live where they could attend meetings of the board and give their continuous attention to the affairs of the railroad.

It has worked out rather well. Vancouver no doubt would be very honoured to have a director on the board; but could anyone guarantee that that director would attend the meetings which I believe take place every week? We have a member from Saskatchewan, but in every case the member from Saskatchewan has moved to Montreal

and put himself in a position to attend to the business of the board.

It is not my affair any more but I would be sorry to see a return to the casual director who attended when it suited him, and who thought about the work of the railway only when he was attending meetings of the board. In the case of Trans-Canada Air Lines the position is somewhat analogous. We have directors who attend regularly and give a good deal of attention to the work of the board. Winnipeg has substantial T.C.A. installations. That city has felt that it should be represented. Perhaps another director not living in Montreal would also be helpful provided we select a man who really will attend to the business of the air line.

Mr. Macdonnell (Greenwood): I do not propose to labour the matter. I want to make one further comment. I was informed the other day of something I had not been aware of, that the directors of Canadian National Railways are geographically representative. The argument I made was that any ordinary commercial institution has a board of directors, I take it, for two reasons; first of all to bring in outside judgment and, second, to assist the company in getting business. I quite agree that outside men cannot be asked to attend meetings every week, but surely the answer to that is that the meetings could be much less frequent and they could have an executive committee, or what you will.

Mr. Green: Is it the intention to have a director from the west coast?

Mr. Howe: There has not been much thought given to who will be appointed as directors. A director from the west and a director from the east might be appointed. I do not know what the decision will be. We are simply making arrangements for two more directors, one of whom must be a member of the board of directors of the railway. Under the terms of the bill the majority of the board must be directors of the railway. The provision for nine will mean that one additional railway director will be appointed and one additional appointee of the government.

Mr. Green: I realize the difficulty the minister has mentioned in having directors from more distant parts of the country, but I think in the case of Trans-Canada Air Lines it would be very beneficial to have someone from the west coast. He could get here overnight. After all, conditions are quite different there. We are very much concerned with the success of Trans-Canada Air Lines and we would appreciate having a director from the west coast.

Mr. Howe: Consideration will be given to that requirement as well as to the requirements of other parts of Canada.

[Mr. Howe.]

Mr. Green: Can the minister say how many of the directors are in the government service at the present time?

Mr. Howe: None directly. Four of the directors are members of the board of directors of Canadian National Railways. One was previously a member of the civil service but he is now retired, and as far as I know has no other occupation except that of director of Trans-Canada Air Lines.

Mr. Macdonnell (Greenwood): Then would it be correct to say there are really no outside directors? Is that true at the moment? Are they all either directors of Canadian National or civil servants, present or retired?

Mr. Howe: No, that is not correct. It is a board of seven at the present time. Four are directors of Canadian National Railways. One is a retired civil servant and the two others have no association with the government.

Mr. Knowles: I wonder if this would not be an appropriate time for the minister to tell us whether or not there has been any change in government policy with respect to the role assigned by the government to Trans-Canada Air Lines. I have in mind in particular the speech which the minister made on March 17, 1944, when he dealt rather fully with civil aviation policy, both domestic and international. On that occasion the minister referred to a statement which the former prime minister, Mr. King, made on April 2, 1943. At that time Mr. King said, as found at page 1778 of *Hansard* for that date:

> —Trans-Canada Air Lines will continue to operate all transcontinental systems, and such other services of a main-line character as may from time to time be designated by the government. Competition between air services over the same route will not be permitted whether between a publicly owned service and a privately owned service or between two privately owned services.

The Minister of Trade and Commerce, speaking on March 17, 1944, in his then capacity of minister of munitions and supply, said that the policy enunciated by Mr. King on April 2, 1943, still stood. During the course of his very interesting speech that day he referred to the difficulties this country had got into because of certain mistakes that had been made in the early days of the building of our railways, and insisted that in his view the best kind of air service for Canada would be to have it on a non-competitive and non-profit basis. As I say, he confirmed the position which the former prime minister had indicated, and made it clear that it was the intention of the government that all main-line services were to be operated by Trans-Canada Air Lines.

The minister pointed out on that occasion that back in 1936 or 1937 an offer had been

made to the Canadian Pacific Railway and to Canadian Airways Limited to come in on the new set-up of Trans-Canada Air Lines that was being organized at that time, but that they had refused to do so. I need not go further into the details of that speech because I am sure the minister remembers it as well as I do. My reason for asking whether there has been any change in that policy arises from the application by Canadian Pacific Air Lines, recently heard by the air transport board, for the right to fly a main-line air freight service across the country.

I understand that even if the air transport board looked favourably on that application the matter would still be subject to review by the government. I would think that would be the case in the light of the clear statement of policy made in 1943 and 1944. There are other aspects of the policy I need not go into at this time, but I wonder if the minister could tell us what the government's position is now with respect to main-line flying in Canada.

The Chairman: Before the minister replies, I would not want the discussion to take in too much territory. I presume the hon. member took advantage of the words "to increase the powers of the corporation" in the resolution to give him the opportunity to ask his question about possible changes in policy. However, this resolution seems to limit itself to the management and an increase in the board of directors.

Mr. Knowles: Perhaps we can agree, sir, that my right to do this is borderline; but if we agree on that, you might permit the minister to answer.

The Chairman: I do not mind agreeing to that provided we do not spend the rest of the afternoon discussing Trans-Canada Air Lines policy. If it is in order under the resolution it is for the minister to say, because I do not know exactly what the terms are.

Mr. Howe: I am in a difficult position as far as that question is concerned because I am no longer responsible for air line policies. As my hon. friend realizes, the air transport board is now in charge of administration of air policy and they report to my colleague the Minister of Transport.

I am still the minister to which the crown company, Trans-Canada Air Lines, reports; thus there is a separation of interests at the moment. As far as I know there is no change in government policy. Problems of air policy are promptly reviewed by the air transport board. For example, a service was required in the Okanagan valley and that service is, in a sense, competitive with Trans-Canada Air Lines. On the other hand, it is not a service of the type which Trans-Canada Air Lines is equipped to give. The question was whether Canadian Pacific Air Lines should be allowed to provide that service even if they could carry passengers between Vancouver and Calgary.

I think my hon. friend will agree that is a question worthy of study, and it was for the air transport board to decide whether it was consistent with government policy. The question was examined, and it was decided that there was no deviation as far as that route was concerned.

The application for transcontinental freight service is for freight only between Toronto, The Pas, and Edmonton. Whether that is a matter of deviation from government policy is something the government will decide after it receives a report from the air transport board. I understand that the board is now considering the situation, and that no report has been made as yet to the government.

However, the statement of policy given by Mr. King, which has been read by the hon. member, as far as I am aware is still the policy of the government.

Mr. Hees: Mr. Chairman, I think it is a good idea to add these two directors to the board of Trans-Canada Air Lines, and I would make a very brief suggestion for their consideration and for the consideration of the other directors. When I was in the United States a little while ago I had occasion to make several air flights. I found that most United States air lines have instituted a coach flight which costs only about two-thirds the regular first-class rate.

I flew from Chicago to Los Angeles first class, and it cost me $114. While I was out there I found out about this coach flight, and I flew back coach class, and that cost me only $76, or two-thirds of the first-class fare. The airplanes used in the coach class flights are exactly the same as those used for first-class flights. Their time schedule is the same; the service on the airplane is almost identical; there is the same stewardess service, and the only difference is that meals are not served. That is not very difficult to overcome because it is easy to take a box lunch aboard, and those are just about as enjoyable as the meals usually served on aircraft.

The only other difference is that the seats were slightly narrower and, in fact, there were five rows of seats instead of four. I was on the aircraft for nearly nine hours, but I was just as comfortable in the coach-class seats as I have been in first-class seats. They

have the same lean-back facilities, and I could see no difference at all.

While I was out there I inquired about the economics of these coach-class flights and I was informed by air line officials that the return on the coach-class flights is just as satisfactory as it is on the first-class flights. The reason is that the extra row of seats is substituted for the freight which, I understand, is usually carried by large United States aircraft; and that gives a better pay return. Also, the coach-class flights are usually filled to capacity because of the much cheaper rate.

Many people who would otherwise not be able to travel by aircraft are able to travel coach class, instead of having to go by bus or train. First-class flights are very often only partially filled, and that is a very important factor. As I say, the air line officials with whom I talked told me they received just as good a return per flight on the coach class as on the first-class flights.

I believe this is something which deserves a great deal of attention by the Trans-Canada Air Lines directors, and I sincerely suggest that we introduce this kind of service into Trans-Canada Air Lines, because I believe it would bring air travel much more within the reach of people who otherwise are not able to travel by aircraft.

At present the only people who can afford to travel by air are businessmen and government officials who are on expense accounts, or people in the middle or upper income brackets. People in the lower income brackets simply cannot afford to travel that way. I think we should remember that Trans-Canada Air Lines is owned by the people of this country, and we should do everything possible to bring that service more within the reach of the shareholders of the line.

Mr. Howe: Might I just say one word here, and I will not delay the committee. We know all about coach travel, of course. Its introduction into Canada is being studied. There are, however, substantial differences in that density of travel is much greater in the United States. I suppose that coach travel there carries about one-fifth of the passengers that travel by air.

If we had ten services across the country we might put two of them into coach travel. However, we are building up our traffic and there is no resistance at the moment to the fares which Trans-Canada Air Lines charge. My hon. friend says the ordinary man cannot afford to travel on Trans-Canada Air Lines. If he can afford to buy a berth on a train he can afford to travel by Trans-Canada Air Lines because, after he pays for his berth and his meals there is very little difference, and perhaps the difference is in favour of the air line.

We have coach travel across the Atlantic, and we have no first-class service on that route. While theoretically you can put in enough extra passengers to make up the difference in fare, that assumes that you have a pressure for travel that will allow you to fill planes. I doubt if there is any route where we have that kind of pressure for travel. We certainly have not got it on the north Atlantic, for our density of traffic was just as great at the higher rate as it is at the lower. We have turned an operation that was getting out of the red and into the black back into an operation that is deeply in the red. However, we think adopting the coach service is the only thing to do considering the competitive situation on the north Atlantic.

I can assure my hon. friend that we will go into coach service just as soon as we get the type of equipment that is suitable for that conversion and just as soon as we feel that we have a volume of traffic that will allow us to fill airplanes equipped for coach travel.

Mr. Macdonnell (Greenwood): I would like to ask the minister a question having regard to the answer he gave to the member for Winnipeg North Centre. It is this. We do have competition between the railways, and I believe they feel it is good. The chairman of the Canadian Broadcasting Corporation spoke about the usefulness of competition. I wanted to ask the minister whether the policy enunciated by Mr. King might not be changed, and whether we might not reasonably look forward to a time when there would be enough airplane traffic for more than one company.

Actually there is competition now in bits and pieces, you might say. The minister gave an illustration of one area in which there is competition. I do not want the record left in such a way, unless the minister feels it must be left in that way, that there is no question but that the monopoly of the Trans-Canada service has to be permanent. I hope it does not have to be permanent, and that it will change with the circumstances.

Mr. Howe: The hon. member is quite right. This is a thinly settled country. We have air services that are essential to the economy. However, today air transport in Canada is not competitive, or is competitive in only a few cases, whether public or private. If an air line company is assigned to a territory, that is its territory and no one else has a right to operate an air service in it. I believe that is a sound policy at the moment. If sufficient

travel develops to the point where competition is warranted, then certainly air routes may be entitled to competition.

For instance, we are spending I suppose $20 million or more at this moment on new aircraft to serve the business we know we have. Now, if we only had a chance of getting that business from somebody else, it would not be a very wise expenditure. In other words both competing air lines would be spending $20 million and perhaps competing for the same traffic.

Mr. Green: There is a reference in this resolution to increased powers of the corporation. Can the minister tell us in what way the powers are to be increased?

Mr. Howe: I really do not remember. There are two or three minor amendments that have no great significance. When the bill is before us we shall be able to discuss those changes more intelligently. I should perhaps know what the reference means, but I do not.

Mr. McLure: What will be the remuneration for these two new directors?

Mr. Howe: There is no remuneration. The T.C.A. directors are not paid.

Resolution reported, read the second time and concurred in.

Mr. Howe thereupon moved for leave to introduce Bill No. 330, to amend the Trans-Canada Air Lines Act, 1937.

Motion agreed to and bill read the first time.

FISHERIES RESEARCH BOARD ACT

INCREASE IN MEMBERSHIP OF BOARD—APPOINTMENT OF PERMANENT CHAIRMAN, ETC.

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

That it is expedient to bring in a measure to amend the Fisheries Research Board Act to increase the membership of the board from fifteen to nineteen including the chairman; to provide for the appointment by the governor in council of a permanent chairman at such salary as may be fixed by the governor in council, and for the appointment by the minister of an acting chairman who may, if he is not a member of the public service, be paid such remuneration as may be fixed by the governor in council; and also to abolish the position of executive director.

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

Mr. J. Watson MacNaught (Parliamentary Assistant to the Minister of Fisheries): Mr. Chairman, the fisheries research board of Canada conducts and controls all investigations into practical problems connected with the marine and fresh water fisheries. The board operates seven main stations in Canada and one substation. Four of these stations are devoted to biological work, the study of fish populations, methods of fishing, and the remaining three stations deal with technical problems of canning, refrigeration, production of meal and oil, quality control of product and so on. Each of these stations is in charge of a director, and attached to them are scientific staffs as well as seasonal scientific staffs.

Because of the wide ramifications of the board's work, involving considerable expense, it is becoming increasingly evident that the existing structure of the board requires modification. The management of the board is at present in the hands of 15 members, two from the department, two from each of the fishing industries on the Atlantic and Pacific coasts, and nine scientists from Canadian universities. One of these is elected chairman and another vice-chairman. The board has a small staff at headquarters in Ottawa. The chairman and vice-chairman, both being university scientists, are normally resident elsewhere in Canada and able to give only part time to the management. At its last annual meeting the board recommended that this act be amended to provide for a full-time chairman and to allow a more balanced representation on the board itself. These amendments will be contained in the bill which will be introduced as a result of this resolution.

Mr. Browne (St. John's West): Is the parliamentary assistant in a position to say whether there will be any representation from the province of Newfoundland on the board, and who the new chairman is going to be?

Mr. MacNaught: At the moment I am not in a position to tell the house who the new chairman will be. Every effort will be made to see that adequate representation is given to Newfoundland.

Mr. Graydon: May I ask the parliamentary assistant if he has taken note of the comment made by the general manager of Trans-Canada Air Lines the other day when he was questioned in committee about serving that delicious food called fish, in which all Canadians delight and of which we should like to see the distribution even further advanced. According to the committee report the general manager said they did not serve fish on the air lines because it was so odoriferous. In connection with research I would think the parliamentary assistant would have the board deal with this subject. I must confess that I cannot agree with the statement, because I think there is no more delicious food served in Canada than that which comes out of the rivers, lakes and seas.

I should like to have some comment from the parliamentary assistant. I know that if a member on this side of the house were to make such a statement it would be a full-blown political issue from now until the next general election. I hope the parliamentary assistant is not going to allow another department to make such a statement and remain completely silent.

Mr. MacNaught: I am very pleased that the hon. member for Peel does not agree with the statement made by the general manager. I am sure that if the hon. member for Peel and the general manager were to pay a visit to our test kitchens they would find that fish can be cooked without any odour whatever.

Mr. Browne (St. John's West): As I asked the question of the general manager as to why they did not serve fish on board on Friday, may I say I am grateful to the hon. member for Peel for bringing up this matter this afternoon. May I suggest that the parliamentary assistant invite members of the board of Trans-Canada Air Lines to his test kitchen and let them consume some of the delicious fish they can have there. It might change his opinion.

Mr. MacNaught: I can assure the hon. member for St. John's West that full consideration will be given to his suggestion to invite the members of the board of Trans-Canada Air Lines to the test kitchen.

Resolution reported, read the second time and concurred in.

Mr. Fournier (Hull) thereupon moved for leave to introduce Bill No. 331, to amend the Fisheries Research Board Act.

Motion agreed to and bill read the first time.

CANADIAN FORCES ACT

AMENDMENTS TO NATIONAL DEFENCE ACT, DEFENCE SERVICES PENSION ACT AND CANADIAN FORCES VOTING REGULATIONS

Hon. Brooke Claxton (Minister of National Defence) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the National Defence Act in respect of certain offences committed by members of the forces out of Canada, to provide for the custody of members of the forces found guilty by civil courts in Canada or by civil or military tribunals of countries other than Canada, and to provide for the disposition of certain classes of appeals; also to amend the Defence Services Pension Act respecting the service that may be counted for purposes of the act and to make pensions payable to the widows and children of persons to whom section 46E of the act applies; and also to amend the Canadian forces voting regulations respecting the completion of statements of ordinary residence.

[Mr. Graydon.]

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

Mr. Claxton: Mr. Chairman, the bill which would be introduced in consequence of the adoption of this resolution would amend the National Defence Act, the Defence Services Pension Act and the Canadian forces voting regulations.

The first of these acts would be amended by making provision that Canadian military personnel serving out of Canada who commit offences punishable by foreign law might be tried and punished under Canadian service law. I believe the committee will agree it is desirable that we do everything possible to have Canadian servicemen who are accused of committing offences in foreign countries tried before Canadian tribunals wherever possible. The need for this has arisen in connection with the greatly extended operations of the Canadian armed forces, and was brought home by a definite case which arose where two Canadian sailors were accused and convicted of an offence in Hong Kong. We would like to be in a position to have tried them in respect of the offence, and also to have taken them into custody, through arrangements of course with the Hong Kong authorities.

The second amendment to the National Defence Act is somewhat similar in nature. It would make it lawful for a Canadian serviceman sentenced by a foreign court to undergo his punishment in a Canadian military or civil institution. In this case we are attempting, through diplomatic representations, to secure the delivery to us of these Canadian sailors so that they will finish their sentence in a Canadian service institution. It is greatly to be desired, particularly where the climate and practices of local jurisdictions differ very much from ours, that this be done.

The third amendment would enable the court martial appeal board to exercise the same discretion the court martial had in the first instance of finding an accused guilty of an alternative offence. In a number of cases the court martial appeal board has had cases before it where it would like to have found accused persons guilty of some alternative offence, as is done in respect of criminal appeals in the criminal courts. This, however, was not provided for in the original provision for the court martial appeal board, so the board found it necessary in these cases to order new trials. In the case of offences arising in Korea or Germany it is almost invariably impracticable to have new trials because, by the time the court martial appeal board has delivered judgment, witnesses have been posted to other countries.

Then we also would propose amendments which would provide for expeditious procedure for the disposition of appeals for which no substantial grounds have been shown, or which have been abandoned. This provision exists in connection with appeals of criminal cases in the civil courts, and we would like the court martial appeal board to have power to make regulations to dispose of cases where appeals have not been proceeded with, within a reasonable time, and where such appeals have been made obviously for the purpose of securing delay.

Then there are two amendments to the Defence Services Pension Act. One of these would remove the difficulty now found in fixing the time of service of service personnel who have qualified for pension under the Defence Services Pension Act, where part of their service has been with the forces of another commonwealth country. At the present time it is difficult to determine when this service ends, and this would permit that being done by regulation.

The other amendment to the Defence Services Pension Act would remove an injustice which now exists in respect of a class of contributor for whom special provision was made in an amendment passed in 1951. That class of contributor consists of persons who have had combined services with the active and reserve forces for a total of twenty years. And we should have provided, expressly at the time of passing the amendment, for that part of their pension which would have been payable to their wives being paid to those wives. It was subsequently found that this was omitted, and that it was necessary. Now we want to correct that gap in the law. I understand there are also two or three pending cases which would be affected.

Finally the bill contains certain minor amendments to the Canadian forces voting regulations. It will be recalled that when the Canada Elections Act was referred to the special committee of the House of Commons, that committee made recommendations regarding regulations controlling the voting of service electors. It was provided by those regulations that the service electors had to register by September 21, 1952, and it has been found that a number of service electors have not completed the registration forms. I am sure it is the wish of all hon. members that they should not be disfranchised, so that provision will be extended.

There are also two minor technical errors which the chief electoral officer has pointed out in the regulations, and which it is proposed to correct. None of these appears to be controversial. All are intended for the benefit of our service personnel, and I am sure will receive favourable consideration by hon. members.

Mr. Browne (St. John's West): I have no doubt the minister can explain why this resolution covers two or three acts. Is it customary to do that?

Mr. Claxton: Yes, we have done that in connection with amendments. The National Defence Act was enacted in 1950, and at that time we incorporated in the one bill a great number of provisions from other legislation. We have decided, and the house so far has concurred, that it would meet the convenience of hon. members, as it does very much that of the armed forces, if all amendments to existing legislation relating to the armed forces were contained in a single bill each year. In consequence the Canadian Forces Act, 1950; the Canadian Forces Act, 1951; the Canadian Forces Act, 1952 have been enacted. All of these amended a number of different statutes, and this follows that precedent.

Mr. Macdonnell (Greenwood): I have a question I should like to ask the minister. When speaking about the desirability of having Canadian military personnel come before Canadian tribunals he said "wherever possible". My understanding is that here in Canada, and vice versa in the United States when there are visiting forces, the army personnel are subject to the laws of the country in which they are visiting. In other words, if a United States soldier in Canada commits an offence against the civil laws he is not tried in an army court but in a civilian court. Am I right in that?

Mr. Claxton: The law which applies to this situation was passed by parliament in 1947 and is called the Visiting Forces (United States of America) Act. Under it United States military tribunals have been given jurisdiction to try United States service personnel in respect of service offences and also in respect of civil offences where the attorney general of the province concerned does not choose to exercise civil jurisdiction. This is a right which we already had under their common law.

Mr. Macdonnell (Greenwood): So in practice it has happened here. Does the attorney general turn them over, and is the actual practice that they are tried in their courts?

Mr. Claxton: Yes, in everything except serious offences.

Mr. Macdonnell (Greenwood): The minister says "wherever possible". Does that mean we just try to negotiate that where we can?

Mr. Claxton: Yes. In the case of the North Atlantic treaty nations we have signed an agreement with them called "the status of forces agreement", and we have implemented that agreement by passing legislation in December, 1951. Most of the other countries have not yet implemented this agreement by legislation and we have not yet proclaimed our legislation, but we are doing so now that we can benefit from it.

In the case of the United States our relations are governed by the common law of the United States, which gives us the same rights that we have given them by the statute to which I referred a moment or two ago. In the case of other commonwealth countries, we have reciprocal legislation called "the Visiting Forces (British Commonwealth) Act." In the case of Japan, however, we have no agreement, and we are still trying to negotiate one. Consequently it is particularly with regard to Japan to which my qualification "wherever possible" applies.

Mr. Browne (St. John's West): Is the minister familiar with the arrangement the United States forces had with England during the last war, which was that the judges of courts had the power to say whether a man should be turned over to the army courts or whether he should be tried in the civil court?

Mr. Claxton: That is very frequently done by magistrates here, too.

Mr. Hees: I understand that by recent regulation a young man entering a service college or other educational institution to qualify for a commission is now allowed to count the time he spends in that educational institution as service time for pension rights. Has anything been done to permit a man who had graduated from one of the service colleges or educational institutions before this regulation was passed to count the time spent getting his education as service time for pension rights?

Mr. Claxton: No, they are not covered. The difference in the two cases lies in this, that those who were in the service colleges before were not members of the armed forces. They were cadets, and if they qualified and were selected to have commissions and chose to join the armed forces they did that subsequent to receiving their education. However, since last year we have instituted a new system under which cadets in service colleges and undergraduates in universities may join the armed forces and agree to serve for three years if they qualify for commissions; so that they are in exactly the same position as men in the ranks who were receiving commissions and they should of course count their service for pension and seniority.

Mr. Hees: Will the government give consideration to allowing men who had graduated before this regulation went into effect to count their time?

Mr. Claxton: No, because they were not bound to serve.

Resolution reported, read the second time and concurred in.

Mr. Claxton thereupon moved for leave to introduce Bill No. 332, respecting the Canadian forces.

Motion agreed to and bill read the first time.

PRAIRIE FARM ASSISTANCE ACT

PROVISION MAKING ELIGIBLE CERTAIN CROWN LANDS IN MANITOBA AND SASKATCHEWAN

Hon. Alphonse Fournier (for the Minister of Agriculture) moved that the house go into committee to consider the following resolution:

That it is expedient to bring in a measure to amend the Prairie Farm Assistance Act to provide that certain crown lands in Manitoba and Saskatchewan granted after December 31, 1940, be made eligible with respect to the assistance provided under the act.

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

Mr. Fournier (Hull): Mr. Chairman, before making this statement, may I say that I did consult experts in agriculture, in particular the hon. member for Winnipeg North Centre.

I understand that under the Prairie Farm Assistance Act crown lands in Manitoba and Saskatchewan granted or sold after December 31, 1940, are not eligible for award. The purpose of this amendment is to make eligible the lands in the northern parts of these provinces as defined in the bill.

The second amendment would provide that a lease containing an option to sell is to be regarded as an agreement for sale. The result is that lands disposed of prior to December 31, 1940, under a lease-option agreement will be eligible for award even though the option is not taken up until after that date.

Mr. Low: Can the minister indicate the part of the provinces concerned? I am referring to the second amendment.

Mr. Fournier (Hull): I would not know without seeing the bill. I have not seen the bill, but I think the bill would contain that.

Mr. Graydon: Is the minister suggesting that he is asking us to pass a resolution upon which a bill is to be based, and that he has not seen the bill?

Mr. Fournier (Hull): I have to admit that I did not express myself properly. I did make a serious study of that bill; I have it in my hands, but I do not think it is proper for the bill to be given to the house before the resolution carries.

Mr. Coldwell: I do not believe this resolution will take very long. I think all the representatives from the prairie provinces in this house, regardless of party, are in favour of it. It removes the discrimination which exists at the present time, and the extension outlined in the resolution will be welcome as far as western farmers are concerned.

When the bill is before us there will be some details that hon. members may want to discuss. Since the Minister of Public Works is the only one who has studied the bill I think we may as well say that we welcome it and shall look forward to joining him in a further study of it.

Mr. Hansell: Mr. Chairman, I should like to ask the minister if these are the only changes in the Prairie Farm Assistance Act that we can expect this session. This act has been under review for a considerable time by agriculture committees, and certain recommendations have been made from time to time. It would appear from the order paper that these are the only changes that will be made.

Some of us have been making certain recommendations for a long time, and we rather expected that further changes would be made this session. I refer particularly to the provision that so many sections are required before one can qualify for P.F.A.A. assistance. At the present time it is a little unfair because a farmer living outside a certain block of sections may have a poor crop and not be qualified to receive assistance, while another farmer living within the prescribed block and having a larger yield may get assistance. There would seem to be unfairness there. Some of us have urged that it should be calculated on the basis of individual farms. That is one change we would have liked to see made.

Although a farmer is compelled to pay into the prairie farm assistance fund at the rate of 1 per cent, if he also operates a little business it affects his eligibility for payment. Even though his yield is below the average and he is in a block of sections where assistance is paid, he will not receive anything.

There are other changes which I think should be made in respect to farmers who are hailed out. It has been suggested that this act should cover hail damage. I see nothing of that on the order paper, and I am asking the minister if these are the only changes that are to be made this year?

Mr. Fournier (Hull): I am glad the hon. gentleman has made his representations, and I shall draw them to the attention of my colleagues, especially the Minister of Agriculture. Even if it were the intention of the government to make further changes, even as the Acting Minister of Agriculture I would not dare announce them beforehand. They would be matters of policy. When the minister is dealing with the bill these questions can be answered. I must admit that even after the study I have made my knowledge of the matter is quite limited.

Mr. Low: I think when we are dealing with the motion for second reading of the bill there will be unrestricted debate and the points raised by my hon. friend can be considered.

Resolution reported, read the second time and concurred in.

Mr. Fournier, Hull (for Mr. Gardiner) thereupon moved for leave to introduce Bill No. 333, to amend the Prairie Farm Assistance Act, 1939.

Motion agreed to and bill read the first time.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): May I thank every hon. member in the house for his co-operation in the proceedings today. I think we have made wonderful progress. Although we were to sit until six o'clock and then from eight to ten o'clock, I shall now move the adjournment of the house until Tuesday next at 2.30 p.m.

On Tuesday we will resume the debate on the motion of the Minister of Finance to go into committee of supply and the amendment thereto of the hon. member for Lake Centre. I hope I can call the four departments that I announced when the motion was first made, defence production, privy council, public works and resources and development. If we get into committee, as I hope we will,

we will take up the estimates of public works, citizenship and immigration.

The next day, on Wednesday, we are going to move again to go into supply, always hoping that we will reach that stage. I would call the Departments of National Defence and National Health and Welfare. I may say that requests were made that we try to get these departments in as soon as possible.

Mr. Deputy Speaker: I wish every hon. member happy Easter holidays.

Motion agreed to and the house adjourned at 5.40 p.m. until 2.30 p.m., Tuesday, April 7.

HOUSE OF COMMONS

Tuesday, April 7, 1953

The house met at 2.30 p.m.

THE LATE MATTHEW MacLEAN

Right Hon. J. G. Gardiner (Acting Prime Minister): Mr. Speaker, on behalf of the Prime Minister, who is unavoidably absent, I wish to pay tribute to one of our late members. I know hon. members will have been saddened to learn today of the passing of the hon. member for Cape Breton North and Victoria. Matthew MacLean first came to Ottawa as the result of a by-election in 1937 in which he was paid the unusual tribute of being returned unopposed. The faith that his constituents placed in him at that time by electing him by acclamation was reaffirmed by his re-election at each successive general election. We have had the privilege of being associated with him over that rather long period of time.

Matthew MacLean served the interests of his constituents vigorously and energetically. He diligently and effectively applied the legal training he had obtained at the law school of Dalhousie university to the various committees on which he served. His many friends on both sides of the house will miss him greatly. I am confident that all members of the house will wish to join me in asking you, Mr. Speaker, to extend our sincerest sympathy to Mrs. MacLean and the other members of the family.

Mr. Gordon Graydon (Peel): Mr. Speaker, I had hoped that the Leader of the Opposition would have reached Ottawa today in time to join in the tribute just paid to the deceased member for Cape Breton North and Victoria by the Acting Prime Minister. On his behalf I should like to associate the members of the official opposition with the words that have been so well spoken by the Minister of Agriculture. I suppose that one of the great joys and rewards of public life in our daily associations in the House of Commons comes from the fact that over the years there is a great camaraderie among the men and women on both sides of the house.

Matthew MacLean was one of those with whom it was easy to be associated throughout the years. He was always a very hearty and kindly gentleman. I often think that perhaps the best test of the character of a man in public life is to be found in how he is regarded by those who are closely associated with him. This morning one of the older messengers on the staff came into my room and said, "I suppose you have heard that Matthew MacLean has passed away." I said that I had and that I was sorry to hear the news. He said, "Well, I am sorry too because no more kindly gentleman ever came within the precincts of the House of Commons". I thought that was one of the most sterling tributes a member could have paid to him after a long period of association with others in the House of Commons. I am sure that it saddens all of us to hear the news that he has now been taken away from the House of Commons and its membership.

I would like, on behalf of the official opposition, to join with the Acting Prime Minister (Mr. Gardiner) in conveying our genuine and deep sympathy to Mrs. MacLean and to her daughter, Janet, who was so often spoken of by Mr. MacLean, and who was the great joy and pride of his life.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, these sad occasions come from time to time and those of us who have been in the house for a long time, since before 1940, realize that our ranks are thinning in one way and another. Consequently such occasions are reminders that life is all too short and that time passes.

I wish to express our sympathy to the family of Mr. Matt MacLean. He was a kindly, unassuming member of this house. Those of us who knew him as a friendly man with a dignified bearing in the house regret the passing of one who has contributed to the general well-being of the house. Although we are divided politically and, very often, by ideas, nonetheless there are, across the floor of this chamber, genuine friendships. In the passing of Matt MacLean many of us feel, after this long association, that we have lost one whom we regarded as a friend.

Mr. Solon E. Low (Peace River): Mr. Speaker, we very much regret hearing of the untimely passing of any member of this house. We accept them always at face value and pay honour to them for doing the very best they can to represent the wishes of their people. I am satisfied that we are speaking now of a member who did just that.

The late Matthew MacLean

I was not too well acquainted with Mr. MacLean but I did observe him during the years I have been here. I have noted that he was always a gentleman and that he tried to treat others as I am sure he would have wanted to be treated. He was quiet and unassuming certainly, but I imagine that in his own way he was an effective representative of the people.

We want to join with all those who have paid tribute to him today; and we extend our sympathy to his widow and the members of his family who have been bereaved.

Hon. Robert H. Winters (Minister of Resources and Development): Mr. Speaker, it will surely be gratifying to Matt MacLean's many friends in Nova Scotia to know of the genuine and sincere expressions of high regard from all parties in the house.

Matt MacLean was born and raised, and he spent his life, in Nova Scotia. His latter years were given over in a kindly, helpful way to the people of Sydney Mines and his constituency of Cape Breton North and Victoria.

It was a great shock to those of us from Nova Scotia, who of course know Matt MacLean so well, to learn of his sudden passing. We shall indeed be pleased to convey to his wife and daughter Janet these sincere expressions of regret which we have heard today.

Mr. J. H. Dickey (Parliamentary Assistant to the Minister of Defence Production): Mr. Speaker, ever since I came into this house in December, 1947, up until just a year ago, I had the privilege of sharing an office in this building with the late member for Cape Breton North and Victoria. I do not want to add anything to what has already been said except to say that I have, for that reason, a special cause to mourn his passing; and I wish to join with the expressions of condolence which have been expressed to his wife and immediate family.

Matt MacLean was not only a kindly man. He was jovial, considerate, generous, and an excellent roommate.

Mr. Daniel McIvor (Fort William): Mr. Speaker, you know that when we look back at this seat one of the first men of this house was our friend. He would remind us if we were late. He would tell us too that he was a Presbyterian but a Christian first. I was often in his room and he would ask for certain explanations. He was one of the first to help us organize our bowling league.

We will miss him much but his folks will miss him more. We express to them our heartfelt sympathies.

[Mr. Low.]

Mr. Speaker: At the suggestion of the Acting Prime Minister (Mr. Gardiner) and on behalf of all members of the house I shall send a message of sympathy to Mrs. MacLean and her daughter.

COMBINES INVESTIGATION ACT

STATEMENT REGARDING PROSECUTION OF FINE PAPER COMPANIES

On the orders of the day:

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, in releasing in November last the report of the combines commissioner relating to the fine paper industry, I stated that the matter would be referred to counsel for opinion and I would make a statement later as to prosecution. The matter was referred to Mr. Norman L. Mathews, Q. C., of Toronto who has advised that in his opinion the evidence justifies prosecution of some or all of the manufacturers and some or all of the merchants mentioned in the report. The exact parties will be determined as the evidence is further examined in detail in the course of preparation for trial. Mr. Mathews has been instructed to proceed with prosecutions.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 317, for the relief of Joyce Elizabeth Purves Jones.—Mr. Winkler.

Bill No. 318, for the relief of Marjorie Euretta Adams Mattinson.—Mr. Winkler.

Bill No. 319, for the relief of Myrtle Norma Epps Stewart.—Mr. Winkler.

Bill No. 320, for the relief of Joseph Alexandre Hyppolit McLish.—Mr. Winkler.

Bill No. 321, for the relief of Taschereau Pierre Charles Joseph Rodier.—Mr. Winkler.

Bill No. 322, for the relief of Berniece Gertrude Doran.—Mr. Winkler.

Bill No. 323, for the relief of Florence Mildred Fine Crelinsten.—Mr. Winkler.

Bill No. 324, for the relief of Gerard Richer.—Mr. Winkler.

Bill No. 325, for the relief of Thomas John Rivet.—Mr. Winkler.

Bill No. 326, for the relief of Dorina Perelroizen Wallerstein, otherwise known as Dorina Perlraizen Wallerstein.—Mr. Winkler.

Bill No. 327, for the relief of Gabriele Laure Josephine Girard Steinbach.—Mr. Winkler.

Bill No. 328, for the relief of Reine Cesarine Berthe Laborgne Deyglun.—Mr. Winkler.

INQUIRY FOR RETURN

TENDERS FOR SUPPLIES—APPROVED LISTS

On the orders of the day:

Mr. E. D. Fulton (Kamloops): Mr. Speaker, may I ask the Secretary of State if he will please have inquiries made to find whether he can expedite the tabling of a return to an order of the house passed on February 11, as noted on page 237 of *Votes and Proceedings* for that day, which had previously been requested and asked for by myself, with regard to the maintenance of private lists. The order has been outstanding since February 11 and I would appreciate it if it could be expedited.

Hon. F. G. Bradley (Secretary of State): I shall be glad to do all I can to get the order for the hon. member as quickly as possible.

ROYAL CANADIAN AIR FORCE

GOOSE BAY STATION—LEASE OF LAND TO UNITED STATES

On the orders of the day:

Mr. G. F. Higgins (St. John's East): May I direct a question to the Acting Secretary of State for External Affairs (Mr. Claxton). Will the same general conditions apply to the agreement between Canada and the United States of America with respect to the use of Torbay airport as outlined in the minister's statement of December 5, 1952, relative to Goose Bay airport?

Hon. Brooke Claxton (Acting Secretary of State for External Affairs): Since the hon. member sent me notice of this question this morning, I have looked at *Hansard* for December 5, 1952 but so far have not found any reference to Goose Bay or Torbay in its pages. However, a statement was made by me in the house on November 28, 1952, and perhaps that is the one to which he refers. It appears on page 174 of *Hansard*. I believe the answer to the hon. member's question is to be found in a statement made by my colleague, the Minister of Citizenship and Immigration, then acting as Secretary of State for External Affairs, which appears in *Hansard* for December 16 at page 741. In the course of that statement he tabled an agreement between Canada and the United States regarding the lease of land at Goose Bay to the United States. This agreement, and the conditions contained in the agreement, apply only to Goose Bay and not to Torbay. As I understand the question, and in the light of my explanation, the answer would be no, because the lease to which I have referred, which governs conditions existing between Canada and the United States regarding Goose Bay, does not apply to Torbay.

Mr. Higgins: May I ask one supplementary question? Are there to be any similar conditions to apply with respect to Torbay?

Mr. Claxton: No, the conditions are quite different. The lease at Goose Bay is for a period of 20 years and covers a fixed portion of land on which the United States is authorized to erect buildings, subject to certain conditions. In the case of Torbay no lease has been entered into, but there has been an arrangement under which the United States air force occupies certain buildings belonging to the government of Canada, on the conditions agreed to from year to year.

THE CORONATION

OBSERVANCE OF JUNE 2 AS A STATUTORY HOLIDAY

On the orders of the day:

Mr. Michael Starr (Ontario): I wish to direct a question to the Secretary of State. June 2 having been proclaimed a statutory holiday, will the government intimate to the management of industries that June 2 is intended to be observed as a statutory holiday in Canada and that wage earners should not suffer the loss of a day's pay?

Hon. F. G. Bradley (Secretary of State): Mr. Speaker, the law with reference to the proclamation of statutory holidays is to be found, as the hon. member knows, upon the statute books. That is the law of the land and presumably various organizations, business and otherwise, will govern themselves accordingly. I do not know of any penalty for the infraction of this statute.

FERRY SERVICE

WOOD ISLAND-CARIBOU—AUTHORIZATION FOR THIRD BOAT

On the orders of the day:

Mr. W. Chester S. McLure (Queens): I desire to direct a question to the Minister of Transport, but since he is not in the house I shall direct it to the Acting Prime Minister. Has the government or the Minister of Transport refused permission to the Northumberland Ferries Limited to operate a third boat on the Wood Island-Caribou route in order to provide an interim service pending replacement by a new boat which is to be constructed by the federal government? If this statement is correct, as reported in the press, we should know why permission was not granted.

Position of Agricultural Industry

Right Hon. J. G. Gardiner (Acting Prime Minister): In the absence of the Minister of Transport, I would suggest that this be taken as notice of a question which will be answered later.

WHEAT

INTERNATIONAL WHEAT CONFERENCE—INQUIRY AS TO AGREEMENT

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): I wish to direct a question to the Minister of Trade and Commerce or possibly the Minister of Agriculture as Acting Prime Minister. Would he say whether the government is in a position to make any report as to whether or not the international wheat conference in Washington has arrived at an agreement?

Mr. G. J. McIlraith (Parliamentary Assistant to the Minister of Trade and Commerce): I would like to take the question as notice.

SUPPLY

AGRICULTURE—UNCERTAIN POSITION OF FARMING POPULATION

The house resumed, from Monday, March 23, consideration of the motion of Mr. Fournier (Hull) for committee of supply, and the amendment thereto of Mr. Diefenbaker.

Mr. M. J. Coldwell (Rosetown-Biggar): I rise to support the amendment. I believe that it will be essential, I think it has been essential as a matter of fact for a long time, that every attempt should be made to achieve some relationship between the costs of production and the prices received for farm commodities in this country. I have always believed that that cost price relationship, which we sometimes call parity prices, is one that will be of tremendous interest to producers in this country, not only in the immediate future but in the days to come.

Over the past year we have seen the costs of production on all our farms of every type rising, and at the same time we have seen the prices of many farm commodities decreasing more rapidly than even farm costs have increased. As a matter of fact the study of the farm prices index for the past year issued by the dominion bureau of statistics indicated an almost startling decline in farm prices generally. From the beginning of 1952 to the end of the year the decline in farm prices was no less than 14 per cent, taking all farm commodities produced in Canada, and at the same time the cost of production of our farms as well as the cost of living on the farms was increasing. The composite index, for example, of farm costs, exclusive of August, 1951, was 237·8, and the living cost as of August, 1952 was 243·4. The index of farm prices at December, 1951, stood at 286·2, and at December, 1951, it stood at 244·0. Of course, the index is in some ways deceptive because it is based on a period when farm prices were unusually low prior to 1939.

We can see these costs of production I think rather clearly if we stop for a moment to examine the 1939 taxes on land and buildings owned in Canada, that is land and buildings largely on the farm. They totalled $19,200,000 in 1939, and by 1949 they had increased to $39,100,000. In 1950 they had risen to the tremendous total of $58,500,000, an increase in taxes on farm land and buildings of over 200 per cent. I think that in a general way that is indicative of the difficult taxation problem on the farms.

Then, if we look at the cost of farm machinery we find tremendous increases as well. The high cost of farm implements in this country has been a matter for discussion in this house over a long period of years. We had an investigation into the high cost of farm machinery in 1936 and 1937. Recommendations were made to the government of that time, but nothing worth while has been done to control the tremendous costs of these machines. In 1945, jumping to the last year of the war, a ten or twelve-foot self-controlled combine could be purchased for $2,800. Today the same combine costs approximately $6,000. Now, one can see from this example, taking the cost of one farm machine, the extent to which farm costs of production have increased over the last several years.

A week ago the Minister of Agriculture (Mr. Gardiner), speaking in this house, indicated rather clearly that agriculture was fairly prosperous; yet in the same speech he told us that not more than 10 per cent of the farmers of eastern Canada made enough money to pay income tax and not more than 15 per cent of the western farmers made enough money to pay income tax either. As a matter of fact, his figures were rather high. A check of the figures indicates that the number of farmers paying income tax, east and west, will be considerably below the 10 per cent and 15 per cent mentioned by the minister.

Mr. Gardiner: If I may be permitted just to correct one word, I should like to do so.

Mr. Coldwell: Yes.

Mr. Gardiner: I do not think I contended that the farmers were prosperous. I said that they are better off than they had been before; that is all.

Mr. Coldwell: I will take that phraseology from the minister, that they are better off than they had been before. But from what the minister said I think the inference was that they were in a pretty fair shape just now. However, I will take what the minister says, namely that they are better off than they have been. As a matter of fact, is that not an admission that over the years we have regarded agriculture in this country as a depressed industry, when we talk about the returns of the farmers today and when all we can say is that they are better off than they have been in bygone years?

That brings us to the purpose of an amendment of this description. As I understand it, the purpose of the amendment is to urge the government and this House of Commons—because I am not placing the responsibility wholly on the government—to endeavour to promote in this country policies that will give more stability of income to our farmers. Over a number of years I have watched the policies that have been put into effect in some other countries and I have come to the conclusion—and it is a conclusion that I came to some time ago—that we shall never have a prosperous agriculture in this country until we had something more than floor prices, some system of guaranteeing to the farmers that over a period of time they will receive certain minimum prices for the products they were producing or, in other words, some form of forward pricing for farm commodities. As a matter of fact, we have had a floor price on butter now for two years. That is good. That is a step on the way to a wider policy, I should hope, as time goes by.

Over the last year we have seen the fluctuations in the prices of beef cattle. Of course in the marketing of cattle there is not the same type of orderly marketing as there is in the marketing of grain. I readily admit that the difficulties are greater. Grain can be stored but when a beef animal is ready to go to the market, that is approximately when that animal must go to the market. I readily admit that there are perhaps greater difficulties in connection with cattle marketing, but I believe that a policy could be produced—at least a board of livestock commissioners could be set up—which would give to our livestock producers a better guarantee of stability of returns for a stated period of time than they have had over the past number of years.

If we are going to give this stability to farm prices, and if we are going to find a relationship—as ultimately we shall have to—between what it costs to produce farm commodities and what the farmer gets for them, then of course we have got to think also in terms of marketing those products. This afternoon I am not going into the marketing problem except to say this. An examination over a period of years indicates that the policy we have been pursuing over the past few years—that of relying to a greater extent than in the past on the American markets—is one that is going to cause our farmers and this country a great deal of difficulty in the near future.

Before I came down to the house this afternoon I looked over some extremely interesting figures, showing the percentages of trade during the period from 1920 to 1952, and I found this fact to be exceedingly interesting. Immediately after the first world war in 1920 we find the United States taking from us a fairly high percentage of our farm products. We find exactly the same thing after this second world war. But when we get between the two wars, and particularly in the depression period, we find that the relative positions of the United Kingdom and of the United States were most marked in this way: the United Kingdom took a fairly high percentage of our farm and other products and the percentage of our farm products taken by the United States dropped drastically during those years.

If we examine the whole story of the attempt to market Canadian products abroad, we find that the only stable market we have ever had is the one we had for a large number of years in the United Kingdom and in western Europe. Consequently the resolution moved the other day by my hon. friend is a resolution calling for more stability in farm prices; and if we are going to achieve that stability in farm prices, we have to have some stability in the markets in which we shall dispose of our farm products. It seems to me that this house has got to reconsider this whole problem of international marketing, and that we have got to consider ways and means of enabling our customers in those markets that we have had throughout the years to earn a sufficient number of dollars in our country to buy those basic supplies upon which they must depend both now and in the years to come.

This afternoon I am not going into tariffs and all that kind of thing, but it seems to me that one of the problems we have to consider is how we are going so to lower our tariffs that those countries that will buy our farm commodities will be able to get sufficient dollars in our country in order to buy those commodities. After all, I know that in the last few years a great deal of stress has been placed on the development of our minerals, on

the high returns we receive by the export of our forest products and so on. Yet I venture to say that minerals gradually become depleted and oil wells gradually peter out and forests are denuded; but if we take care of the top six inches of soil and farm that soil properly, we shall have a permanent resource that will bring to this country, both from our own domestic market and those abroad, returns for generations yet to come.

It seems to me that there is no more important problem facing this country than that of achieving stability of the agricultural industry. These fluctuations over the years have been a bugbear to our farmers. A week ago we were discussing an amendment to the Canadian Wheat Board Act. It was an amendment designed to continue that board until 1957. That is good. The farmers of the prairie provinces for many years fought for a wheat board and for some stability in the marketing of their own grain, and finally they achieved success. Today there is not anyone, I think, who is informed who will dare to suggest that the prairie farmers want to go back to the old hit-and-miss system of the open market and the grain exchange. They want to continue the stability thus obtained, but of course they want a fair return for their labour.

When we talk of stable prices we want something like uniform prices both in the domestic market and in the overseas markets. One of the most unfair features of our wheat marketing problem over the last number of years is the fact that our farmers have got less on the domestic market for wheat to be consumed in Canada than they might have got had that wheat been sold beyond our borders. But in spite of the criticism that can be levelled against the manner in which the marketing of grain in Canada has been carried on, there is no doubt whatsoever that our farmers expect that every attempt will be made to continue long-term international agreements for the wheat growers, and I believe that similar long-term agreements should be attempted as soon as possible and whenever possible for other basic farm commodities.

You only have to look at the situation regarding pork, bacon, and particularly cheese and dried and condensed milk at the present time to realize how essential those markets are, and what difficulties the loss of overseas markets creates not only for the agricultural producers, but indeed for the whole of our country and the whole of its economy. I want to emphasize again that the agricultural industry is and must remain a basic industry in this country. That has been the story of Canadian development over the years. With the high costs today there is a danger that many young men and women who would like to take up farming, not only as a means of life but as a way of life provided that they could see sufficient returns, are unable to do so. One of the evidences of this instability in agriculture is the number of deserted farms we see here and there, and in the prairie provinces the loss of our rural population, particularly in Manitoba, Saskatchewan and to an extent even in the province of Alberta where tremendous development is going on at the present time. That also accounts for the consolidation of the farms into large units which are being established. Because of the high price of farm machinery, farmers must have enough land to provide a profitable unit to maintain the machinery that is necessary today to replace the labour of other days. Therefore I join with other hon. members in this house in support of the amendment. It is an amendment along the lines of many that we in this party have moved in the house over the years. We believe of course in planned trade. We believe even that when we cannot get dollars for the farm commodities that we could ship abroad and other people could use, we might take the sterling that they have and re-invest it in the backward areas of the sterling region and wait until we can get dollars or goods, in the meantime using our own financial machinery to pay decent and proper prices to the producers of this country. That is being done in some other parts of the world, and I believe that it could be done here provided that we had the will to do it.

I thus want to say both on my own behalf and on behalf of those associated with me that we give very warm support to the amendment moved by the hon. member for Lake Centre (Mr. Diefenbaker).

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, we have had much talk of objectives in respect of stable agricultural prices, but very little talk as regards techniques. There must be some way of doing things, but nothing has been said about how these things can be done.

Broadly speaking, we have to decide whether we shall expand production in accordance with our resources and then devise an effective method of getting our surpluses into the hands of the needy of the world, or whether we shall restrict production in conformity with our own people's financial consuming power, giving only incidental consideration to the wants of less fortunate peoples of the world. In either case, we must aim at stable prices and markets.

Various techniques are being experimented with today. As an example, may we contemplate the United States methods in respect of her sugar industry?

What are some facts about the sugar industry of the United States? How much sugar does the United States require annually? About 100 pounds per capita, about 8 million tons. Where does the United States obtain her sugar? From mainland production through beets, 1,700,000 tons; through cane, 500,000 tons; from offshore United States' areas, namely, Hawaiian islands, Puerto Rico, Virgin islands, altogether about 2 million tons; from Cuba and the Philippines, 3,700,000 tons; from other foreign countries, small lots.

How has this apportionment of supply to the different sources been arrived at? It is by reference to special circumstances that surround the United States. Cuba is peculiarly an American problem. Some details to make this matter clear I will set forth later in this talk. The Philippines, too, are a special American problem. In the Philippine Independence Act of 1936 it was provided that the Philippines would be guaranteed a quota of not less than 982,000 tons of raw sugar a year. The Hawaiian islands, the Virgin islands, and Puerto Rico are looked upon by the United States as domestic cane areas, though not part of the United States mainland.

When, and by reason of what events, did the United States begin to deal with her sugar supply problem in an orderly manner? We are dealing with ours in an unorderly manner! The question can perhaps best be answered by reviewing certain facts about Cuban history in respect of sugar. What are such facts? Here they are: Cuba from before 1776 was an important supplier of sugar to the United States. Cuba, historically, has been a one-crop, a sugar economy, 90 per cent of her exports being sugar. Up until 1930 Cuba had always exported more than 70 per cent of her sugar to the United States. Even before her gaining independence from Spain, Cuba had geared her economy to the markets of the United States of America.

There were, resulting from the Spanish-American war, unique political ties between Cuba and the United States.

The Platt amendment to the army appropriation bill dictated by the United States in 1901 as a condition of United States military evacuation of Cuba after the Spanish-American war, permitted the United States to:

> Exercise the right to intervene in the preservation of Cuban independence, the maintenance of government adequate for the protection of life, property and individual liberty.

In addition to these there were special economic ties between the United States and Cuba. The United States and Cuba in 1903 ratified a reciprocal treaty which decreed:

> That the duty on sugar from Cuba should be 20 per cent less than the full duty rate.

This measure has been in effect continuously ever since. Finally, American investment in the Cuban processing industry, as well as in the Cuban plantations, is very large.

Cuba suffered a most unhappy experience after world war II. There was agricultural depression in the twenties, as in the thirties, which caused the United States to raise her tariffs on sugar three times, presumably to protect her own continental cane and beet sugar industry. This caused the development of an expanded sugar industry in United States offshore possessions—the Hawaiian islands, Puerto Rico and the Virgin islands. This development was greatly at Cuba's expense. From 1902 to 1929 Cuba had supplied almost one-half of the sugar requirements of the United States, averaging 3,832,000 tons, from 1926 to 1929. During the years 1930 to 1933 Cuba's proportion fell to less than 30 per cent, averaging 2,287,000 tons during the period 1930 to 1932.

There developed an overproduction of sugar. World production averaged in the period 1923-25 the amount of 26·1 million tons. In 1928-30 it was 31·3 million tons. The world price of raw fell from 4 cents per pound, New York price minus duty, to less than 2 cents per pound. In 1932 it fell to less than 1 cent a pound. The Cuban price in 1932 averaged ·7 cent per pound.

The development of overproduction of sugar in the years 1925 to 1937 is indicated by the annual carryover each year. From the 1939 brief of the eastern Canadian cane refineries I quote the following tabulation, as it is set out in section 47 of that brief:

> 1925, 5,320,398; 1926, 5,766,898; 1927, 5,689,749; 1928, 6,124,050; 1929, 7,500,794; 1930, 8,881,086; 1931, 10,740,024; 1932, 10,896,824; 1933, 9,888,462; 1934, 9,468,861; 1935, 8,128,421; 1936, 7,352,179; 1937, 7,172,779.

Cuba, as I said in my speech on March 16, had a settled policy of reducing her production "costs" far enough to permit her always to enter the United States market. Cuban prices lower than 1 cent per pound, and sales disastrously reduced, brought her economic ruin and revolution in 1933, with the expulsion of President Machado, followed by extremely unsettled political conditions.

These occurrences were cause for much concern in the United States.

Then there developed a Cuban refining industry, and the many troubles resulting therefrom. Concerning the development of

the Cuban refining industry from 1926 on, may I read again from the 1939 cane refiners' brief, section 85, where it says:

> For years prior to 1926 there was a refined sugar industry in Cuba which supplied a portion of the home market but was a negligible factor in export trade. In 1926, however, a series of causes operating together brought about a rapid expansion. Production rose from 50,000 tons in 1925 to 427,000 tons in 1931 and exports grew in the same period from 4,000 tons in 1925 to over 380,000 tons in 1931. During that period there was little change in the figures of home consumption in Cuba.

Then the United States Department of Agriculture stated "By 1933 it had become evident that the tariff was no longer adequate to ensure either a healthy domestic industry or a dependable source of foreign supplies".

May I now deal with what the United States did about the Cuban sugar situation, to remedy it? First, in respect of Cuban raw sugar: From 1930, on, various agencies of the United States government studied the sugar problem with great earnestness. The federal farm board called a conference of continental sugar producers. Resulting from this conference the federal farm board established a sugar beet and sugar cane advisory committee. This group met with the board on several occasions during 1930 and 1931. The Agricultural Adjustment Act was passed on May 12, 1933. Under the A.A.A. auspices an industry conference was convened in Washington in June of 1933. Within three weeks this group presented a draft marketing agreement which became known as the sugar stabilization plan.

This sugar stabilization plan (1) allocated a quota to each of the areas supplying sugar to the United States; (2) provided for establishing a minimum price for raw sugar, such price to be determined by formula; (3) called for an increase of production in home-grown sugar, both beet and cane. Disagreement among interested parties caused action to be deferred, but everyone learned that there was, in respect of sugar, a real problem, difficult of solution.

On February 8, 1934, the president sent a message to congress asking for legislation to achieve certain objectives. From the statement of two of these objectives, I quote the following:

> 1. To maintain the existing acreage of sugar beets in the continental United States;
> 2. To increase returns to domestic growers.

This message became the basis of orderly management of sugar in the United States. There followed the first of three sugar acts, the third of which is now in force and will be until 1956.

[Mr. Blackmore.]

The first of these was the Jones-Costigan act, approved on May 9, 1934, and often called the sugar act of 1934.

This sugar act did the following:

1. Defined both sugar beets and sugar cane as basic agricultural commodities—and it is high time this was done in Canada!

2. Required the appropriate governmental official to determine upon a national consumption estimate as a basis for arriving at quotas.

3. Provided for a quota to be allowed United States domestic producers of both beet and cane sugar, greater than the production of any previous year, except 1933, the record year of United States sugar production.

4. Provided for a quota to be allowed to Cuba, the Philippines, the Virgin islands, the Hawaiian islands and Puerto Rico.

5. Provided for giving payments to participating growers.

6. Imposed a half cent per pound processing tax on all sugar consumed in the United States and its territories.

Then came the sugar act of 1937. It embodied the main provisions of the sugar act of 1934, with some elaborations and modifications. Instead of the half cent per pound processing tax, this act had an excise tax of one-half cent per pound.

And then came the sugar act of 1948, which has since been extended to December 31, 1956. It set out the following quotas:

Continental beets increased from 1,550,000 tons in 1934-1937 to 1,800,000 tons in the 1948 act. It will be noted that provision was thus made for an expansion in the beet sugar industry.

Then, secondly, continental cane increased from 260,000 tons in 1934-37 to 500,000 tons in 1948. And it will be noted again that there was a provision for expansion! And it is time something like that was done in Canada! Then came Hawaii with 1,052,000 tons; Puerto Rico, 910,000, increased to 1,080,000 for 1953; and the Virgin islands at 6,000, increased to 12,000 for 1953. The total for 1953 equals 4,400,000 tons. The figure for the Philippines is 982,000 short tons raw value. Including the Philippine quota the total for 1953 therefore equals 4,400,000 tons plus 982,000 short tons raw value.

Cuba's quota equals 98·64 per cent of the total United States consumption requirement after the 4,400,000 United States domestic quota and the 982,000 short tons raw value Philippine quota are subtracted from the total United States consumption requirement determination.

It is provided, however, that Cuba's share of the total consumption requirement of the United States must not fall below 28·6 per cent as was stipulated in the sugar act of 1937. Foreign countries other than Cuba and the Philippines were to get 1·36 per cent of that total. The sugar act of 1948 provided for payments of about $2.50 per ton in the case of beets, and a little over $1 per ton in the case of cane but there were several considerations upon which payments were based. The following is to be found in Lamborn's "Highlights of the Sugar Act of 1948, and 1951 Amendments" at page 14:

> The base rate of payment shall be 80 cents per 100 pounds of sugar or liquid sugar, raw value.

We now come to what the United States did about the Cuban sugar situation to remedy it in respect of direct consumption sugar or refined sugar. All of the acts have severely restricted imports of direct consumption or refined sugar. In the 1934 act Cuba was limited to some 418,000 tons of refined, about 22 per cent of her total quota. Hawaii was limited to 26,000 tons, Puerto Rico to 133,000 and the Philippine islands to 80,000, all of which tends to show how careful the United States is about letting refined into her gardens to destroy them.

In the 1937 and 1948 acts Cuba received 375,000 tons as a quota and the Hawaiian islands and Puerto Rico about the same as in 1934. The quota for the Philippine islands in the 1948 act was set at 59,920 tons.

In the 1937 act it was provided that the refined quota provisions would expire one year before the act itself. The refined provisions did expire in February, 1940, and for some months there was a free flow of refined sugar into the United States, limited only by the total quota. However, when later in 1940 the act was extended, the limitations of refined sugar imports were again imposed. That should be a warning to us!

What might be safely recognized as being the achievements of the quota system as embodied in and applied through the United States sugar acts of 1934, 1937 and 1948? The following accomplishments must, it seems, be conceded:

1. The sugar acts have defined both sugar beets and sugar cane as basic agricultural commodities.

2. They have lent stability to sugar prices to the advantage of both producers and consumers.

3. They have tended to increase domestic production of sugar from both cane and beet.

4. They have improved the general economic position of Cuba.

5. They have provided some stability to the economies of the Philippines, the Virgin islands, the Hawaiian islands, Puerto Rico and other lands.

6. They have enabled the United States to reduce the tariff on sugar 1½ cents per pound without prejudice to her own economy.

7. They have enabled the United States to prevent Cuba from sending into the United States economy enough sugar, raw and refined, to deprive all other countries of the privilege of sending in any of their sugar and so sharing in the United States market.

8. They have made government sugar policy more acceptable to all concerned than has been the case under any other system of management.

Now what of the matter of price? Listen to this quotation:

> While prices to farmers producing beets and cane are more than double those of the pre-war years, they have lagged behind the rise in the prices of almost all other farm products.

Then, another quotation:

> . . . sugar prices have lagged far behind the rapid upward movement of the index of all food prices.

As a result of the deep and concerted study of the whole situation affecting sugar, United States representatives formed some settled convictions of importance to Canada. Certain of these are:

1. No nation can afford to permit its domestic sugar industry to be destroyed, impaired or even threatened.

2. No nation can afford to permit unregulated importation of refined sugar into its economy.

3. The means most useful and fair in regulating the sugar situation of the United States, and presumably in Canada, is the quota system as illustrated in the United States sugar acts of 1934, 1937 and 1948.

I think the general conclusion that all careful thinkers will come to might be expressed thus, that Canada would probably be best able to encourage her producers and protect her consumers of both beet and cane sugar by the use of the quota system determined and administered under a sugar act, like the United States sugar act of 1948, regulating by statute the amount of sugar, both raw and refined, permitted to enter her economy from each indicated source of supply.

There is one matter that does need attention before we leave the general aspect of the whole question. During 1952 a number of marketing irregularities developed into which I do not propose to go. For those who

may wish to examine this matter scientifically, these irregularities are discussed well in an article entitled "Competitive Practices Sharpen in Sugar Industry Marketing" in the February 13, 1953, issue of the *Journal of Commerce*. These marketing practices have rendered it impossible for the United States to keep out certain sugar shipments which have been sent to her shores, in a satisfactory way. Thus there has been an amount of interference with stability of prices in the United States during 1952.

It looks as though, if one were to have an ideal act, one would have to have a sugar act similar to the one of 1948, and also have associated with it the essential features at least of the Canadian order in council P.C. 181 under which it was possible for the government to fix for tariff purposes the minimum price of sugar in the land of origin at a certain set price. Under it the set price was $2.30. The order in council, as hon. members will recall, was passed in January, 1932.

I think perhaps hon. members would be interested in certain quotations concerning the working out of the sugar acts of the United States. I have a quotation from the article by Mr. C. F. McCarthy to which I have already referred and in which he reports a speech made by Philip E. Jones, sugar branch official of the department of agriculture of the United States at a recent meeting of the national federation of beet sugar growers in Billings, Montana. I quote from Mr. Jones' remarks as quoted in Mr. McCarthy's article:

> The sugar act of 1948 and the predecessor acts have operated to the benefit of many groups which participate in the production, processing and consumption of sugar. Incomes of sugar beet and sugar cane growers have been substantially increased, as have wages of field workers in all United States areas. Sugar prices paid by the consumer have remained moderate. Increases in domestic production have been restricted but domestic production has not been permanently reduced. Foreign supplying areas have benefited from increased prices obtained for those quantities of sugar marketed under United States quotas and they have shared in our expanding total sugar requirements.
>
> Growers now obtain a much larger proportion of the consumer's sugar dollar, largely because of the more stabilized conditions under which the industry operates, and because of the continued efforts on the part of sugar mills and refineries to improve their processing efficiency. As a result of these conditions, mill and refinery costs have not reflected the full impact of the general price inflation which has occurred in the last fifteen years. Processors generally have operated profitably and at the same time have been able to increase substantially the proportion of total sales income paid to growers for sugar cane and beets.

I give a number of quotations now from a work which I hardly feel free to name. It is an unpublished study by an eminent Canadian authority of the conditions in the United States under these acts. It is a study made in 1952, not yet available generally but I have access to it. Here are some of the quotations:

> During the operation of the Jones-Costigan act the duty on Cuban sugar was reduced from 2 cents to ·9 cents.

I quote again:

> While one could expand at length the history of the 1948 sugar act operations, it may suffice to note finally that the tariff was again reduced in this period. Under the general agreements on tariffs and trade the duty on Cuban sugar was reduced, effective January 1, 1948, from ·75 to ·50 cents per lb. The full duty rate was reduced from ·9375 to ·6785 and later to ·6250 cents per pound.

And:

> . . . it seems most improbable that any substantial reduction in tariff could have been achieved in the absence of specific alternatives such as the sugar quota system.

Again I quote:

> After three years of the Jones-Costigan act the consumer paid only from one-tenth to two-tenths of a cent more per pound for sugar than at the beginning of the operation.

And:

> Further, the quota system continued to raise the American price from one-half to one cent per pound over the price which would have prevailed in the absence of quotas.

I continue:

> Until mid-1950 the quota system yielded the U.S. price of sugar up to 1·6 cents (generally less than one cent, however), higher than the world price due to quota effect alone. With the world price of sugar rising rapidly from about $4.50 per hundred early in 1950 to nearly $8.00 in mid-1951, the quota premium situation was reversed and rendered into a quota discount. This protection for American sugar users extended almost continuously from July 1950 through 1951. While it was generally in the neighbourhood of one-half cent a lb. it did reach more than two cents per lb. in the mid-summer of 1951.

And again:

> Sugar prices during this period gave unmistakable evidence that the quota system could be employed to the advantage of the American consumer.

And:

> . . . in terms of price, certainly not in other ways, however, the American consumers and industrial users have generally been brought closer to world sugar price levels than they were before the introduction of the quota system.

Now, Mr. Speaker, I wish to make just a comment or two in a general way on this quota system. Not very long ago one of the members of the house, and I will not name him, made a statement to the effect that the quota system was a restrictive system. He said that quotas were the most restrictive of all trade measures that could be practised. Well, it is evident from the account I have

given of the quota system in the United States under the 1934, 1937, and 1948 acts that the quota system has not been restrictive to trade in that nation in relation to sugar.

One can obtain an illustration from the green and red lights on the street. When you come to a red light it means stop—and it does mean stop. That, however, does not restrict traffic. That actually makes it possible for traffic to be more free and more rapid than it could possibly be without red lights. I suggest that a quota system, which might look like an absolute prevention or an absolute measure forbidding trade, actually, under the circumstances which have obtained in the United States, has been a measure making for freer trade.

We might also talk about lower tariffs. We have a number of men in our government offices who have a sort of craze over trade and low tariffs. They will be greatly comforted to discover that, under the quota system and these three acts in the United States, they have lowered the tariffs in a way that might have been impossible if it had not been for the quota system.

There are a great many people who talk about non-discrimination in trade. Some statements have been made by certain members in this house to the effect that they want trade to be just as free as the wind. They did not use just those words, but if there were other words to describe anything freer to express the thought they would have been using those other words.

I ask hon. members how long trade in respect of sugar in Canada will be free if we have Cuban sugar entering unrestricted into our market. I have already referred to that in my speech.

If we let Cuban sugar come in here, refined sugar, there will not be another nation on the face of the earth which will send one pound of sugar into Canada. Anyone who sees non-discrimination in trade in that prospect must have coloured glasses of a kind that I have not yet seen.

I do not hesitate to recommend to those who have authority in respect of sugar in Canada that they should give most careful thought to this matter of the quota system as it has been used and applied in the United States sugar acts of 1934, 1937 and 1948.

Mr. J. A. Charlton (Brant-Wentworth): Mr. Speaker, I am speaking in support of the amendment which was moved by my hon. colleague, the hon. member for Lake Centre (Mr. Diefenbaker) on March 23, and I think it would be well if the amendment were read to the house now, because it was moved over two weeks ago. The amendment reads:

> That all the words after "that" to the end of the question be struck out and the following substituted therefor:
>
> "in the opinion of this house consideration should be given by the government to the advisability of introducing during the present session legislation to provide floor prices for agricultural products at such levels as to ensure producers a fair price-cost relationship."

Now, to use an oft-quoted, slang term, Mr. Speaker, I think that the Minister of Agriculture (Mr. Gardiner) has been viewing the whole situation from a little pink cloud through rose-coloured glasses. I realize, however, that there is probably a good reason for this ultraoptimism and arrogant attitude. We are told that there is going to be an election before the snow flies; and probably the minister is just getting wound up for the campaign. At page 3225 of *Hansard* for March 23 the minister, in referring to farm prices, had this to say:

> I am not going to try to guess what they will be ten years from now, but I am going to make the statement that so long as this government is in power, and so long as the policy we have been following throughout the last ten years is continued, prices will go down less than they would under any other kind of policy that could be established in this country by any other government.

I have always been taught that no one is so good that he can never be replaced. History is very interesting but it is only interesting when told truthfully and when facts are stated. It is rather tiresome for those of us on this side of the house to hear members from the government side keep repeating and repeating what happened in the 1930's and how this government has improved the situation since that time. I want to remind members on the government side of the house that the depression or crash, as they called it, occurred in 1929 and the election at which the Liberal government was defeated did not take place until July 1930. Anyone who suspects that the Conservative government in power between 1930 and 1935 was the cause of the depression is certainly not conversant with the facts.

On page 3218 the Minister of Agriculture in referring to parity and I will quote his words:

> The only objection I have to the word "parity" is that I seldom know what people mean when they use it.

There is an interjection:

> An hon. Member: They don't, either.

And then:

> Mr. Gardiner: I do not understand what they are really talking about when they use the word.

Now, Mr. Speaker, it is rather odd to find that the minister himself, when speaking to

the federation of agriculture in Victoria on January 27, makes use of the word "parity". If he cannot understand what other people mean, why would he want to use the word himself?

Mr. Gardiner: I explained what I meant before I used it.

Mr. Charlton: The explanation was rather dim. I was there and I heard the minister. Even if that is the case, the minister uses the word "parity" in his own speech, even though he claims he does not understand what other people are talking about when they use it.

Referring to this speech I want to say something which is rather beside the point for the moment. There is a mistake in the figures the minister used in this speech and that mistake was transferred to *Hansard* of March 5, 1953, page 2663. The minister used the average annual volume of production for cheese as 20,023,000 cwt. I believe he has added a zero which should not be there.

Following up the use of this word "parity" we find that when the Liberal government took over in 1935 farm prices were said to be then about 20 per cent below parity. Now, after all this bragging we have heard about what the Liberal government has done in this country we find that in 1940, after five years of Liberal government, the parity was reduced to 23 per cent for farm products. Then, in 1941, when this government froze the prices of farm products, parity had dropped to a low of 30. Now, Mr. Speaker, that condition does not agree with so many of the statements we have heard in this House of Commons during the past several years.

It is often the case that pre-election statements are quite different from post-election statements. In 1935, I believe it was, the Minister of Agriculture had a famous dodger that he used before the campaign. I should like to quote what was on that dodger. It reads:

> Dollar wheat will give you a job and enable you to own your own home. Dollar wheat will pay for your light and water and give you a telephone. Dollar wheat will pay your grocery bill and buy boots, shoes and clothing for the whole family. Dollar wheat will provide a surplus for a rainy day. Vote Liberal.

Now, what happened? In 1935, before the Conservative government was defeated, the price of wheat was 87·5 cents. In 1938 the Liberal government announced a price for wheat of 60 cents a bushel. There was so much concern out west about the price going so low that the government was forced finally to pay 70 cents. The fact still remains that the announced price in 1938 was 60 cents. The price in 1935, Mr. Speaker, was 87·5 cents.

In addition to that, before the 1935 election the Liberals boasted that they would increase the export market tremendously. What are the facts? During the period 1932 to 1935, the export of wheat was 832 million bushels, and from 1936 to 1939 it was 707 million bushels, showing quite a reduction in those years. I have taken the trouble to look up the figures for exports to Great Britain. I have a list here of all the exports from 1920 to 1950, showing the exports of each product for each year. I am going to use the years 1929, 1934 and 1936. I think they are very fair. The 1929 figure would be while the Liberals were in power; the 1934 figure would be after three years of Conservative power; and the 1936 figure would be after the Liberals were back in office. This list is as follows:

Product	Year	Quantity
		Bbls.
Apples—Fresh	1929	866,003
	1934	3,057,897
	1936	2,202,053
		Lbs.
Apples—Dried	1929	32,750
	1934	988,125
	1936	399,100
		Cwt.
Beef and Veal, Fresh	1929	66
	1934	76,763
	1936	24,420
Bacon and Ham, Shoulders and Sides	1929	329,754
	1934	945,597
	1936	24,420
Cheese	1929	1,025,387
	1934	714,133
	1936	528,781
Milk Powder, Whole	1929	36,631
	1934	40,074
	1936	33,083
Milk, Condensed	1929	16,295
	1934	11,218
	1936	3,633
		Lbs.
Honey	1929	346,271
	1934	1,853,093
	1936	1,542,807
		Cwt.
Pork, Fresh, Chilled and Frozen	1929	4,707
	1934	8,233
	1936	15
Pork, Dry Salted	1929	9,324
	1934	8,421
	1936	2,128
Pork, Pickled in Barrels	1929	141
	1934	1,027
	1936	275

That last figure was the result of two years of Liberal regime, so I hope we have heard the last of the boast that the Liberals have done so much to keep British trade.

Mr. Gardiner: Just because my hon. friend goes a long piece back he must not suppose that people have forgotten that we were not in power for two years in 1936. We only came into office about November 1, 1935.

Mr. Charlton: Of course, the Conservatives had only been in power for about that length of time but you blamed them for having a depression on their hands. Are you not taking credit for anything within the first two years?

Mr. Gardiner: You just got through saying that we had been in power for two years in 1936, but we had not.

Mr. Charlton: I am sorry; it was the second year.

Mr. Gardiner: As a matter of fact, we were still suffering from what the Conservatives did for five years.

Some hon. Members: Oh, oh.

Mr. Charlton: Mr. Speaker, before the last election in 1949 a great many statements were made by the minister and some were made by his parliamentary assistant. But as I said before, pre-election statements are generally quite different from post-election statements. I have here in my hand copies of Canadian Press releases of statements made by the minister. For instance, here is one of December 8, 1948:

In Ottawa today Agriculture Minister Gardiner announced that the United Kingdom has agreed to purchase next year (1949) 160 million pounds of Canadian bacon, 50 million pounds of cheese and 1,530,000 cases of shell eggs.

On April 11, 1949, another statement from a Canadian Press release:

Agriculture Minister Gardiner said Saturday that because Canadians were eating 100 per cent more pork products than in the prewar days Canada would be unable to fulfil her 160 million-pound bacon contract with Britain.

Again on May 19,—

Mr. Diefenbaker: Of what year?

Mr. Charlton: —1949, is another Canadian Press release which reads:

"The cheese contract with Britain was reduced to 50 million pounds after production in Canada had dropped following the war when dairy farmers found it more profitable to sell their milk for canning." Mr. Gardiner said Britain was prepared to take more "but we realized we might not be able to meet even this amount", Mr. Gardiner declared.

On May 30, 1949, again just previous to the election:

"Every country in the world, and particularly Britain, could take more of our food products if we had them to sell and particularly if these countries could pay," Mr. Gardiner said over the C.B.C. network.

Position of Agricultural Industry

On June 23, 1949, just previous to the election:

Agriculture minister Gardiner said tonight, "There is no evidence" to support the contention of C.C.F. leader Coldwell that Canada is losing the British food market. Mr. Gardiner said "the evidence is quite the opposite."

Then again on June 6—and this is another Canadian Press release of June 7 of a statement by the minister—we find this:

When critics of the government claim Canada is losing its overseas markets they don't know what they are talking about.

On May 20 of the same year, 1949, the parliamentary assistant had this to say, and I am quoting another Canadian Press report:

Our opponents would indicate that United Kingdom food contracts are going by the board. This is far from the truth. The United Kingdom would ask Canada to provide more bacon in 1950.

What was the statement after the election? This is interesting, Mr. Speaker, in view of the fact that on December 10, 1949, as reported at page 3087 of *Hansard*, we have the minister making this statement:

When we met with them—British government officials—in the fall of 1947—

And mind you, before all those other statements that I just read.

—they said they did not want our food products except wheat. The second time they visited us, in 1948, they included cheese,—

That they did not want.

—but they did not include cheese in 1947.

Mr. Gardiner: They included cheese that they did want, not that they did not want.

Mr. Charlton: Would the minister allow me to quote his own figures?

Mr. Diefenbaker: No; he does not want to hear them.

Mr. Gardiner: Those are not figures.

Mr. Charlton: The quotation continues:

They said: We prefer not to have these products. As a matter of fact, at certain stages they said they would not take these products, and at certain stages we said other things which induced them to take the products.

Then as reported at page 3221 of *Hansard* of March 23, 1953, in his speech the minister had this to say:

Since that time we have not been marketing food products in Britain because Britain told us in so many words that she was not going to buy from us.

A little farther down in the same page, in the same column we find this:

Mr. Diefenbaker: What did they say?

Mr. Gardiner: They said they did not want any of our food products except wheat.

Position of Agricultural Industry

And over in the next column on the same page we find:

> We were told quite frankly that they preferred not to have them.

Mr. Gardiner: That is exactly what the other statements were, if the hon. member will read the speech.

Mr. Charlton: Am I asked by the minister to repeat what he said on December 10 after the election back in 1949 and the statements the minister made about our being wrong when we said we were losing the British market? Does he want me to read that all again? Did he not catch it?

Mr. Gardiner: It is not necessary for the hon. member to read them. I could give them to him in less time than he could read them.

Mr. Charlton: It is not much wonder that the minister has not been able to sell our food products to Britain after making those statements. Apparently the Minister of Fisheries (Mr. Sinclair), who has not those statements to his credit, can sell his products. Four and a quarter million pounds of salmon have been sold by the Minister of Fisheries.

Mr. Speaker, I say that this government has no floor price policy. It is only a hit-or-miss program of expediency. For instance, the floor price on hogs last fall was $26. About October 1, the minister announced that the price as of January 1 would be dropped to $23. Now, we mean either one thing or the other. Do we believe in the fact that we can produce food here for the hungry nations of the world and thus aid in the defeat of communism or do we believe that we want to restrict production here and supply just our own needs? It would appear that during the last couple of years the Minister of Agriculture has had that particular policy. What other reason would there possibly have been for announcing, three months ahead, a drop of $3 in the floor price of hogs? Then we come to the floor price of beef. The promise was made that the floor price for beef would be maintained until the export market was opened to the United States. Was it, Mr. Speaker? No, it was dropped a week previous to that date.

The minister attended the federation of agriculture meeting at Victoria and should have ascertained the feeling of that meeting. With reference to it, here is a press article which appeared in the *Globe and Mail* of March 6 and which reads in part:

> Meat Price Probe Urged by Farmers
>
> The government was asked today by the Canadian Federation of Agriculture to institute an investigation into the spread in meat prices between farm and market basket.
>
> The federation said: "It has been apparent that the lower prices being received by our farmers for livestock have not been reflected in the price of meat to the consumer".

Furthermore, Mr. Speaker, I have in my hand sessional paper No. 165B which contains an answer to a question put on the order paper of Friday, March 20, 1953, wherein I asked several questions. I shall have to read them in order to convey the meaning that I want to bring out. I asked:

> 1. How many pounds of canned pork were bought by the government during each of the months since January, 1952?
>
> 2. From whom were these purchases made, and what was the price and quantity in each case?
>
> 3. What were the total sales of canned pork, giving quantity and value, by the government, during each of the months since January, 1952?
>
> 4. —

And by the way, this question was not answered, Mr. Speaker.

> —Through what agencies were these sales made, indicating volume and commission paid in each case?
>
> 5. What quantity of canned pork is presently held by the government?

In a discussion with the minister last year in the house he said that 50 per cent of the hog put into the can by the packers consisted of bone and fat. I disagreed with him on that occasion and I have since found out from sources that I believe to be accurate that anywhere from 35 per cent to 38 per cent of a grade A or a grade B hog would be bone and fat. Let us take the 38 per cent figure and apply it to 100 pounds of warm dressed pork which cost the packers $26. When you take the 38 per cent of bone and fat from that 100 pounds of dressed pork you have left 62 pounds of pork meat for which they were paid 62¼ cents a pound. That came to $38.57. The canning, as stated by the minister on that occasion, cost 12 cents a pound. I take it that that would include all the costs. When you multiply 12 cents by 62 you arrive at a figure of $7.44, making a total of $31.13. The difference between their cost of $26 and $31.13 would be $5.13 per hundredweight.

The packer or the canner was paid a commission on the sale of some of the pork. On lots of 450 cases or more they were paid $2.98 a hundred. On less than 450 case lots they were paid an additional $2. That would make $4.98. So we will suppose that on less than 450 case lots they had a total profit of $10.11 a hundred, which comes out to 32·8 per cent on their original investment of $26 plus cost of canning.

Strange as it may seem, an answer to a question I asked in respect to commission contained the following:

> On these sales a brokerage fee of 2½ per cent is allowed any Canadian firm acting as an agent of the board. This covers all selling expenses incurred by the board.

Now, the $2.98 allowed was on lots of 450 cases or over, and it gives a percentage of

4·8. If less than 450 case lots were sold the percentage came to 8. And yet this is a statement which says that the total costs to the board would be 2½ per cent.

The minister has stated recently that there were no troublesome surpluses besides canned pork and beef held in the United States. There are other surpluses. I have figures here from the weekly dairy produce market report for the week ended March 14. This is a report put out by the Department of Agriculture marketing service. It shows that in the week ended March 14, 1953, the total production of cheese was 3,157 boxes. That was just 144 per cent more than the amount produced in the same period the year previously. Yet the minister continues to say that there is no surplus. I wonder where this cheese that is produced is going. The minister claims, as he has claimed in the house before, that we could eat it all here, and that even Ontario, producing that much cheese, could eat it all here, or maybe a few pounds would be eaten in the west, but most of it could be eaten in Ontario. At page 3220 of *Hansard* the minister said:

> Food production is the highest in our experience. The reason for the increase is to be found in the fact that the only part of the Dominion of Canada that produces more food than it can eat is the prairie provinces.

Then a little further down he said:

> One product that in the past was not consumed in the province was cheese but in the last year Ontario ate practically all the cheese it produced too. They do not eat quite all of it; they ship some of it west and we help them to eat it; but certainly it can all be consumed in Canada and consumed easily.

I happen to know that there is quite a surplus of cheese at the moment. With these figures of 144 per cent more production than there was a year ago it is presumed that there will be a considerable amount of surplus cheese in a very short time.

During 1952 this country imported a considerable amount of cheese, as set forth in an answer to a question asked by the hon. member for Prince Edward-Lennox (Mr. Tustin) on March 4, 1953. According to that answer the total amount of cheese imported into this country in 1952 was 12,086,764 pounds. In the face of a surplus of cheese this government permitted the importation of 12 million pounds.

In the case of powdered milk, the minister knows that there is a surplus of powdered milk, both skim and whole powdered milk. He knows that. If he does not know it then I advise him to get in touch with his officials who do know.

Mr. Gardiner: We have a surplus now, but we had no considerable surplus when the speech was made.

Mr. Charlton: I am not speaking about last year, I am speaking about now, and there is a surplus of powdered milk as the minister must know.

Mr. Gardiner: We have it. Of course we know.

Mr. Charlton: The situation is most embarrassing to this government. When the minister was speaking to the dominion-provincial agricultural conference last fall, he said, as reported in the Ottawa *Journal*:

> Price problems of farmers up to provinces says Gardiner.

He does not want to face the responsibility now that prices are getting bad. He wants to hand it back to the provinces as their responsibility.

The responsibility with respect to vegetable oils was handed back to the provinces on top of a reduction of 13 per cent in the tariff on oils coming into this country. Another very peculiar thing the minister said the other day was that, on top of the rosy picture he was painting, the farmers were better off now than they ever were and they knew it. I think he would be advised to speak to some of the people he is talking about before he makes that statement again. He said, as reported at page 3220 of *Hansard*:

> If one really wanted to make out a table which would indicate what the relationships are as between the farmers of the east and the farmers of the west, I think one would be able to show that about 90 per cent of the farmers in the eastern part of Canada do not make enough to pay income tax at all.

For the Minister of Agriculture of the Dominion of Canada, which is an agricultural country, to make a statement of that kind is almost unbelievable.

Mr. Gardiner: Is it not correct? I am accustomed to making correct statements, and that statement is correct, as the hon. member knows.

Mr. Charlton: Either one or the other of the statements is not correct. Either "90 per cent of the farmers are not making enough to pay income tax" or "they are better off now than they were before, and they know it." Both statements cannot be right.

Mr. Gardiner: Oh, yes, they can.

Mr. Charlton: We will let the minister have his fun.

Mr. Gardiner: When your party was in power they did not have any income tax to pay, in most cases.

Mr. Charlton: Oh, the minister can have his fun. It is just previous to an election. If he wants to make those statements we will see how many people believe them.

I presume it is the western wheat crop that is bolstering the average farm income across Canada, and in that connection the minister makes this statement as reported at page 3223 of *Hansard*:

> You can still see practically every bin the farmers have on their farms filled with wheat. In other words the farmer has practically a whole crop still to market.

And farther on he says:

> —but five million tons—more food to send out to the world, because of growing surpluses—

Now, 5 million tons sounds like a great amount of food; but if the minister would take the difference between an ordinary wheat crop I think he will find it is nearer twice 5 million tons of extra food produced in the west in the year 1952.

It takes 166,666,666 bushels to make 5 million tons; and the wheat crop in the west last year was far more than that above the average. So in that instance the minister is low. But he is taking that figure of the added wheat crop as bolstering the average farm income across Canada.

At this point I should like to quote from the *Current Review* setting out agricultural conditions in Canada. This is the issue of March, 1953, volume 13, number 4. At page 2 it says:

> The higher income from field crops because of the harvest of a large part of the 1951 grain crop in the spring of 1952 and the unprecedented 1952 crops, did much to balance the lowered income from livestock and their products.

That is the answer to the reasonably high income across Canada which, as the hon. member for Rosetown-Biggar (Mr. Coldwell) said this afternoon, is 14 per cent below the 1952 figure. The income of livestock producers is down 30 per cent from 1951.

Twenty per cent of the population in Canada received around 11 per cent of the national income. The farmers must have a realistic floor price policy. It is as important to the consumers as it is to the producers, as a means of stabilizing production and assuring a reasonable supply of food. The floor price policy is actually a Conservative policy brought out in 1942 by the then leader of the Conservative party, Mr. Bracken. Owing to the pressure exerted by agriculture all across this country, the Liberal government put it into legislative form in 1944.

In closing I wish to say this: Let the government step down from the throne of self-satisfaction and arrogance on which they have placed themselves, and accept the responsibility which is rightly theirs.

Mr. E. G. Hansell (Macleod): Mr. Speaker, I wish to add my voice to those who have already spoken in support of this amendment, and I do so partly because I live in an agricultural area and partly because I know, as I believe all hon. members know, that there is no industry in Canada as unstable today as agriculture.

Recently I have received a number of letters from farmers in my own constituency complaining about the deal they are now getting, and have had over the last year, and prior to that. I would remind hon. members including the Minister of Agriculture (Mr. Gardiner) that prior to the last crop year, in certain sections of this country, the wheat farmers were either rained out or snowed out. The crop two years ago, in many parts of the country, including many sections of my own constituency, remained unharvested. Last year the farmers had difficulty due to the glut of lower grade wheat in the elevators, which resulted in difficulty in moving the grain.

While we realize that there was an outlet at the Pacific coast, we are now faced with a strike problem there, and this again affects the movement of grain. All these things enter into the problems the farmers in western Canada have faced recently. To my mind the farmer, of all men, attempts to run his farm in the midst of constant uncertainty. If he is a wheat farmer he is uncertain in the matter of harvesting his crop; he is uncertain of the yield; he is completely reliant upon favourable elements in order that he may reap a fair crop with a fair yield. He must face the possibilities of frost; and there is the further problem of hail, which some may suggest can be covered by insurance. Nevertheless it remains an uncertain factor. Then there is the danger of drought and the danger of grasshoppers. There is the danger of rust.

All these things make the farmer's problems great, because he is constantly faced with uncertainty. Even though the elements may be favourable, he must depend upon prices, over which he has no control. If he is carrying on mixed farming, in a small way, and raises chickens so that he may sell eggs, again he will find a fluctuation in the prices of his products. If he is a dairy farmer he must face substitutes for butterfat. If he raises hogs or cattle he will find the market most unstable.

So I say once again that, of all men, the farmer must attempt to run his farm in the midst of continual uncertainty. He is in a

different position from those in the secondary industries, who can determine the prices they shall receive for their products; and they usually get those prices. They can figure all their cost factors, something the farmer is not always able to do. We might say that most of the farmer's problems are concerned with the uncertainty of the elements and the uncertainty of having a crop. Of course the government might say that it cannot control the elements and cannot say how much rain should fall or how much frost should be kept away. But there is one thing the government can do. It can so legislate as to give and guarantee to the farmer a fair price for his production. That is not dependent upon the elements at all. It is an economic factor which a proper and adequate government policy can provide for the farmer.

Over the years the farmer has perhaps had a greater struggle than any other industrial producer in the country. We all recall the days when the grain exchange had things pretty well its own way. Those who were responsible for the selling of wheat on the grain exchange had certain protection. Whether it was elevator organizations, flour mills or banks, whoever was in the grain selling business, they were always able to protect themselves against great losses. But there once again the farmer was at the mercy of markets and prices and those who sold his grain. The farmers began to take action, and as we all know they began to organize, as was only right, and the wheat pool movement was brought into existence.

Over the years the wheat pools have done a good deal for the farmers, but once again the wheat pools are largely dependent upon prices. We all realize what happened as a result of the 1929 stock market crash which brought about the world-wide depression. The wheat pools found themselves in tremendous difficulty. They faced the difficulty of a falling market, and having already arranged to pay the farmer a certain initial price they had to borrow in order to do so. They found themselves in debt to the tune of about $22 million. The provincial governments of the west came to their assistance, and eventually the wheat pools were able to wipe out the deficit. I relate these facts, Mr. Speaker, to indicate the struggle of the farmer and the fact that in all his struggles he has had in the end to rely upon prices over which he had no control.

The crash, the depression that followed and the crises which the wheat pools went through in those days taught another lesson, and after further struggle another advance was made in the bringing into existence of the Canadian wheat board. I think the majority of the farmers of the west are glad the wheat board was brought into existence. It was an attempt to protect the farmer so far as the selling of his grain was concerned, and to give him a more stabilized price system. But even so the farmer has little or nothing to say with respect to the price that he should get for his wheat.

I was interested to receive the other day a number of resolutions passed at the annual convention of the farmers' union of Alberta last December. I was rather amazed to find that a number of them dealt with prices. For the purposes of the record I should like to read one or two of them. I shall only read those that have to do with prices, because that is what we are concerned with particularly in this debate. The first resolution reads as follows:

> Whereas for some years past the domestic price of wheat for Canadian consumption has been fixed at the same level as wheat sold under the international wheat agreement, and
>
> Whereas during this whole period farm costs and the Canadian price level have risen continuously and the Canadian wheat producers of the prairie region have thus been forced to subsidize the consumers of the whole of Canada, and
>
> Whereas there is no just reason why this should continue;
>
> Therefore be it resolved that the domestic price of wheat consumed in Canada should be raised immediately to $2.25 per bushel, basis No. 1 Northern at Fort William, and revised annually in relation to the costs of production.

It has already been mentioned by previous speakers that while there has been a decline in farm prices there has been an incline in the cost of production. Here is another resolution concerning the establishment of floor prices which reads as follows:

> Whereas the present wide spread in floor prices between eastern and western cattle markets is a serious injustice to western stock raisers, and
>
> Whereas the present temporary floor price does not allow eastern stock men to plan for the future or stabilize their industry, and
>
> Whereas prevailing prices on lower grades of butcher cattle bear no relation to their true value, and spreads between eastern and western markets are excessive on these grades also, and
>
> Whereas retail prices on meat have not dropped in proportion to the price of cattle, and consequently the increased consumption of meat which should have developed has not materialized;
>
> Therefore be it resolved that the farmers' union of Alberta requests that the dominion government establish floor prices on all western markets at the same level as floor prices in Toronto and Montreal, and that an investigation be held as to why the retail meat prices have not fallen in proportion to the prices of live cattle.

So much for wheat and so much for cattle. We come now to another product produced by the farmer, and here is a short resolution

on the floor price on eggs to the producer which speaks for itself. It reads as follows:

Whereas the present floor price on eggs is to the packer;

Therefore be it resolved that we recommend that the floor price be set to the producer and not to the packer.

While I am dealing with eggs may I read another resolution that deals with the subject from a little different angle. It is as follows:

Whereas dominion and provincial governments are continually urging the farmer to engage in balanced mixed farming, and

Whereas with farm overhead steadily rising, with price floors on butter and grade A eggs low, and a serious decline in the price of butterfat and lower grades of eggs defeating the purpose of the price floor, which is the giving of reasonable protection to the producer;

Therefore be it resolved that the dominion government be requested immediately to implement an effective floor price on eggs, guaranteeing a fair return to the primary producer.

Well, we go a little further in these resolutions and we find another in respect of parity prices. We have prices again, the thing that concerns the farmer these days.

The resolution reads:

Whereas the farmers' production costs are continually rising, and

Whereas all farm produce is on a sharp decline;

Therefore be it resolved that steps be taken to ensure the farming industries an adequate margin of profit.

Now, Mr. Speaker, I think we will have to realize that when it comes to the matter of the prices the farmer gets for his production in relation to the prices he has to pay for the things he buys—and most of those things have to be written into his cost of production—we are in sad need of parity. In respect of that I wonder if I might read just a small paragraph from Mr. Hannam's address, as president, to the Canadian Federation of Agriculture. This was given at the seventh annual convention of that body held in Victoria in January last. In dealing with farm purchasing power Mr. Hannam points out that the purchasing power of the farmer has declined, and here is the paragraph I would like to read:

For those who have the erroneous impression that farmers have been enjoying unprecedented prosperity, it would be well to restate the fact that the farmer's income depends not upon prices alone but upon farm prices in relation to farm costs. In recent years farm costs have risen more than farm prices. Based on price relationship, the farmer's purchasing power if represented by the index of 100 in 1948 has been less every year since. For 1952 it stands at 82. Since it is generally agreed that farm prices may be down somewhat and farm costs are expected to hold or go a little higher, this farm purchasing power relationship may well drop to 80 or less during 1953, down by 20 per cent or more since 1948.

I do not wish to detain the house, Mr. Speaker, and it may be that you desire to get a vote on this as soon as possible. May I conclude by saying that the problem is an economic one, or shall I use the expression "a financial one", because that is what prices are, and there is not much difference in my mind between prices and dollars. Dollars are the medium which causes prices to move and goods to move. You find a number on a price tag and the number means dollars in relation to the value of the goods.

Where a problem is a financial one, then it should not be beyond solution. If our present government is not able to devise a financial policy that is able to solve these problems then the sooner the people of Canada know the better it will be. The government is not going to resign and let someone else jump into the saddle. We know that; so the sooner the people know that they will not get a solution the better it will be, for the people will have to move in order to put someone in the saddle who knows how to handle the problem. Perhaps that day is not far distant.

Now I say two things are necessary and these things can be done by a government if they wish to have a proper financial policy. The first is to bring down proper and adequate legislation concerning the matter of price support. The second thing is to devise a proper and effective financial policy. If that is done, then the problem which the farmer faces today will be solved. If it is not done, then agriculture in this country will have to struggle along in the midst of the uncertainties it has had in the past and still more uncertainties in the future, for we are living in an extremely uncertain world at a time of great uncertainty.

The house divided on the amendment (Mr. Diefenbaker) which was negatived on the following division:

YEAS

Messrs:

Blackmore	Hodgson
Blair	Jones
Brooks	Low
Browne (St. John's West)	Macdonnell (Greenwood)
Casselman	MacInnis
Charlton	MacLean (Queens)
Churchill	McLure
Coldwell	Montgomery
Diefenbaker	Pearkes
Fair	Poulin
Fleming	Quelch
Fulton	Robichaud
Gillis	Starr
Graydon	Thomas
Green	Tustin
Hansell	White (Hastings-Peterborough)—34.
Herridge	
Higgins	

NAYS

Messrs:

Abbott	Balcom
Applewhaite	Bater
Ashbourne	Beaudoin

Benidickson	Lafontaine
Bennett	Langlois (Gaspe)
Bertrand	Lapointe
Bourget	Leger
Bradley	Lesage
Brisson	Little
Bruneau	MacNaught
Carter	Macnaughton
Cavers	McCann
Claxton	McIlraith
Cleaver	McIvor
Cloutier	McWilliam
Corry	Major
Cote (Matapedia-Matane)	Monette
Cote (St. Jean-Iberville-Napierville)	Mutch
	Nadon
Croll	Nixon
Dechene	Picard
Deslieres	Proudfoot
Dupuis	Prudham
Eyre	Ratelle
Fournier (Hull)	Richard (Ottawa East)
Fulford	Robertson
Garson	Robinson
Gauthier (Portneuf)	Rooney
Gauthier (Sudbury)	Ross (Hamilton East)
Gibson	Rousseau
Gour (Russell)	Smith (Moose Mountain)
Gourd (Chapleau)	Stick
Harris	Tremblay
Hellyer	Valois
Helme	Warren
Henderson	Weir
Jutras	Winters—74.
Kent	

Mr. Drew: Mr. Speaker, I did not vote because of an understanding with the Prime Minister (Mr. St. Laurent) that in the event one of us is out of the city the other will not vote. Had I voted, I would have voted for the amendment.

Mr. Gardiner: I was paired was the hon. member for Souris (Mr. Ross). Had I voted, I would have voted against the amendment.

Mr. Wylie: I was paired with the hon. member for Burnaby-Richmond (Mr. Goode). Had I voted, I would have voted for the amendment.

Mr. McCubbin: I was paired with the hon. member for Middlesex East (Mr. White). Had I voted, I would have voted against the amendment.

Mr. Green: Mr. Speaker, I wish to speak briefly about one other matter before the question is put.

Mr. Speaker: It being five o'clock, the house will take up private and public bills. When the debate on this motion to go into supply is resumed, the hon. member for Vancouver-Quadra (Mr. Green) will have the floor.

PRIVATE BILLS

CANADIAN DISASTER RELIEF FUND, INCORPORATED

Mr. W. G. Weir (Portage-Neepawa) moved the second reading of Bill No. 229, to incorporate Canadian Disaster Relief Fund, Incorporated.

Disaster Relief Fund

He said: Mr. Speaker, this bill is entitled "An act to incorporate Canadian Disaster Relief Fund, Incorporated" and it has to do with the disposition of the moneys which were voluntarily subscribed for relief purposes as a result of the Red river flood in Manitoba in 1950 but which were not all expended. For the information of the house I might say that the total amount of money subscribed, plus the interest earned on any balance, amounted to $9,216,000, and that there was expended for purposes of relief $7,545,000 plus an amount equal to about $211,000 as the cost of receiving and distributing the relief, or a total of $7,757,000, leaving an unexpended balance of $1,459,000 as the amount of money we are concerned with in this measure, which this parliament is being asked to provide a means of utilizing.

Under other circumstances this money might have been returned to those who had contributed, but in an undertaking of this great magnitude that would have been quite an impossible task. Inasmuch as the money was contributed from all over Canada, from the United States, from Great Britain and from many other countries including, I am told, Greece, those having to do with the collection and disposition of the money feel that this balance should be made available to all the people of Canada and not be retained in Manitoba where the disaster occurred. This sentiment led to the proposal to establish Canadian Disaster Relief Fund, Incorporated.

I might add here, Mr. Speaker, that a measure complementary to this bill which is now being considered was passed by the Manitoba legislature. This bill has been passed by the Senate, where it was considered by the committee on banking and commerce, and it now comes before this house.

As hon. members know, the Red river area centring on the city of Winnipeg where the Assiniboine river joins the Red river, has been visited by critical floods of greater or lesser severity over the known history of that area. These two rivers—the Red rising in the United States and the Assiniboine in northeastern Saskatchewan—drain a very large area of relatively flat, level country. The records show that floods have occurred in this area in the years 1852, 1861, 1882, 1892, 1904, 1916, 1948 and 1950. In each instance they have followed a fairly general pattern, namely high fall precipitation, heavy frosts, heavy snow, followed by a late spring break-up frequently accompanied by heavy spring rains. With these natural conditions prevailing, additional contributing factors towards flooding are, I fear, increasing owing

to the clearing of more land and the extension of increased drainage resulting in a more rapid run-off.

Another factor which I think most hon. members here realize but which I believe should also be mentioned is that the Red river has its source to the south where the break-up is earlier and its outlet to the north into lake Winnipeg, where the break-up is slower and usually later. If this condition were reversed the hazards from flooding would not be nearly as great as they are under the existing circumstances which nature has established.

I think I should also point out that the flooded area was not confined to the cities of Winnipeg and St. Boniface, although admittedly that is where the greatest damage was done, but included farm lands, towns and villages along the Red river to the United States boundary, and large areas in the United States, even to the city of Grand Forks.

When the flood of 1950 struck the city of Winnipeg early in May, may I say that the people of Winnipeg were not caught wholly by surprise or unprepared. I think it is only fair to say that accurate engineering data was available with regard to the possibility of flooding, and preparations towards meeting such a condition were actively undertaken.

As one of the early steps in connection with that disaster—and this is one of some importance in connection with the matter with which we are dealing here this afternoon—in the early stages when it was recognized that the flood was going to be severe, a committee of Winnipeg citizens known as the "mayor's committee" was set up on May 9 in that city. Two days later this committee was enlarged and became known as the Manitoba flood relief fund committee. Mr. H. W. Manning, vice-president and managing director of the Great-West Life Assurance Company, accepted the chairmanship. This committee was later enlarged to include representatives of the whole area. This is the committee that accepted contributions and took care of their disbursement. Everyone associated with the committee, except perhaps the clerical staff, contributed his time and efforts voluntarily.

The disbursements from the fund were, generally speaking, for the loss of personal property and personal items as against what might be called the rehabilitation of real property. It was limited for the most part to include repairs and the replacement of essential clothing, household furnishings, living expenses for those who were evacuated, livestock, feed, seed, repairs to machinery, and generally those items not likely to be covered by insurance. I am told that the cost of this type of relief alone amounted to something over $4 million.

Assistance was also given to small businesses for the loss of stock and fixtures to the extent of $863,000. Payments were made to farmers for damage to machinery, replacement of livestock and for acreage that could not be seeded, to the amount of $948,000. An amount of about $663,000 was paid to voluntary organizations that assisted in providing relief.

These moneys, I might say here, should not be confused with payments that were made by the respective municipalities and governments and which were utilized to rebuild houses, roads, bridges and real property, and in the building of dikes to guard against a future recurrence. This assistance was provided on somewhat the same basis as that which was provided in connection with the Fraser valley flood and the two serious fires that occurred in Quebec. To this type of assistance the federal government contributed 75 per cent and the provincial government of Manitoba, in the case of rural municipalities, 25 per cent. In the case of the cities of Winnipeg and St. Boniface, the provincial government contributed 12½ per cent. As I have already said, this assistance was entirely separate and apart from what was done through the voluntary flood relief fund.

Now, sir, this bill, as I said earlier, proposes to establish Canadian Disaster Relief Fund, Incorporated. As indicated in section 3 of the bill it is proposed to divide Canada, for the purposes of administration, into five separate divisions: The maritime division which includes the four eastern provinces; the Quebec division; the Ontario division; the prairie division, including the three western provinces; and British Columbia. The bill also provides for the naming of one member from each division as a member of the board. As indicated in the bill, for the maritime division the name recommended is that of the Right Hon. J. L. Ilsley, Chief Justice of Nova Scotia; for the Quebec division, it is the Hon. Philippe Brais, C.B.E., Q.C.; for the Ontario division, James S. Duncan, C.M.G., president of the Massey-Harris Company; for the prairie division, H. W. Manning, vice-president and managing director of the Great-West Life Assurance Company, and for the British Columbia division Mr. A. E. Grauer, Ph.D., chairman of the board of the British Columbia Power Corporation.

The members shall in turn elect from themselves one member to be president and one member to be vice-president of the corporation. All its members shall serve without salary, but may be paid reasonable expenses.

The members shall also have the right to appoint a secretary, who may be paid, as well as other secretarial staff. The corporation shall have its accounts audited by a qualified chartered accountant, and the corporation may co-operate with any association or organization established in any place in Canada for purposes similar to those of the corporation. It is required to submit to the Secretary of State for Canada a report of its transactions and administration of the fund for the year ending December 31 immediately preceding, and the report shall contain a copy of such audited statement of the accounts of the fund.

The corporation may make bylaws necessary for the carrying out of its intentions, and prescribe the duties and salaries and other things essential for any staff that it may be necessary to engage.

In section 7 of the bill it is indicated that the corporation may, for the purpose of carrying out its objects, acquire by purchase, lease, gift, legacy or otherwise any real or personal property. It has been suggested to me that that provision is in there for the purpose of making it possible for the corporation to accept anything by way of gift that may be real property.

In section 9 it is indicated how the corporation may invest its moneys. It can only invest moneys of the fund in bonds or other securities of or guaranteed by the government of Canada or of any province thereof or of any municipality in Canada. Therefore the investments of the fund are pretty well protected by the type of investments that the fund can make.

I think I should mention a word with respect to what this bill provides and with what the directors of this fund may do with the money that is being given to their care. Section 6, subsection 2 of the bill states:

> No payment shall be made out of the fund except as authorized by this act.

Subsection 3 reads:

> The corporation may make payments out of the fund for the purpose of meeting emergencies and needs arising in Canada from flood, fire, tempest, earthquake, pestilence or other disaster, mitigating loss and suffering caused thereby assisting in the repairing damage resulting therefrom, and rehabilitating persons who have suffered injury or loss by reason thereof, when in the opinion of the corporation the implementing of such purpose is beyond the reasonable capacity of the area affected.

I think an essential part of this bill is how this money can be utilized. I said earlier that the original committee in Winnipeg that had to do with collecting and disbursing this money obtained an act of the Manitoba legislature authorizing them to proceed with the incorporation of this company by federal statute. They have set up all the figures in a carefully audited statement by the chartered accountant company of Millar, Macdonald and Company of Winnipeg; and with the enactment of this legislation in Manitoba, from everything I can learn, it is perfectly clear that it is logical and reasonable to proceed with the incorporation of this company here.

So far as the jurisdiction of the federal government is concerned, its reports and other references with respect to the corporation are being submitted to the Secretary of State.

Mr. Rene N. Jutras (Provencher): I should like to say a word on this bill, representing as I do most of the area which was flooded in 1950. The area of the flooding at the time was in the neighbourhood of some 700 square miles, and the only part of the flooded area outside of my constituency was the city of Winnipeg, St. Boniface and suburbs.

I want to commend the hon. member for Portage-Neepawa (Mr. Weir) on the way he fully explained Bill No. 229. It is quite obvious that there is nothing much to be added about the bill itself. However, I want to take this opportunity to express in this house our very deep gratitude to the people of Canada for the way we were assisted at the time of the flood in 1950. Indeed, the very fact that this bill is before the house is clear proof, if further proof is needed, of the very generous response that we got throughout Canada.

As has just been mentioned, over $9 million was collected in voluntary donations at that time, and now there is a balance of something in the neighbourhood of $1,500,000 which is still to be expended. This money represents gifts from small and big people. We remember how many very young children even emptied their penny banks to give to this fund. We remember also how some very substantial contributions were made to the fund. We in the Red river valley well remember that the gifts ranged from cattle and pigs to very valuable antiques.

Many of the things donated to the fund were of such a nature that they naturally could not be given out equitably, so they were sold and the money was put in the fund. Many other things like animals and so on were distributed directly as equitably as possible. Those donations came from all over Canada, from coast to coast. It is no exaggeration to say that they came from all over the world. As a matter of fact they extended from our neighbours to the south to Ethiopia and Greece. We remember in this house how the messages of sympathy came from all over the world at that time.

I also want to pay tribute to this parliament, and to the federal government particularly. All hon. members recall how quickly this parliament acted at the time and dealt with the matter in a very generous way.

These voluntary contributions, as has just been explained, were used to pay for the personal belongings of the people. All real property, including buildings, was taken care of by the fund voted by parliament. I think all will agree that this committee set up by the federal government, in conjunction with the province and, in some cases, with cities and municipalities, did an excellent job. I was pleased to note that the leader of the opposition in the other place referred to the job done by the federal government particularly, and stated that, so far as the supervision and contributions were concerned, it was done with 100 per cent of satisfaction. The impression throughout the area has been good.

When the real property factor was removed, contributions from the voluntary fund had to take care of personal belongings of the people generally. So I take this opportunity on behalf of the people in the Red river valley to express again their sincere gratitude to parliament and to all those who contributed, as well as those who wanted to contribute and may not have had the opportunity to do so.

I know the material assistance was beneficial to all, but I know, too, that the expressions of sympathy did much to comfort the people in the flooded area. They certainly appreciated the generous response not only of material things but of sympathy, which gave them courage at a time when the situation looked very dark indeed. Today they look back upon it with deep gratitude.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I wish simply to say that there will be general support of the principle of giving some continuing statutory authority under which situations of this kind can be dealt with, through a general plan. This bill is to be referred to a committee. We support the principle and express the hope that the provision of a continuing mechanism to deal with cases of this kind may prove entirely satisfactory.

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, I am not so sure that I agree with the setting up of a corporation to handle charitable funds, because there already exists in Canada an excellent organization the responsibilities and duties of which are the same as those set out in the bill. I suggest therefore that there would be a duplication of service.

The Red Cross looks after those who suffer from disaster and earthquakes and all those other misfortunes set out in the bill. It maintains both international and national organizations for this purpose. While I listened with keen interest to the remarks of the hon. member sponsoring the bill in the house, and while he has done a good job of showing what was done with the fund, the fact is that the moneys were raised in an emergency to meet a condition that had arisen in and around the city of Winnipeg. The fund was oversubscribed to the extent of $1,500,000. I am not clear as to whether it was actually oversubscribed or whether the claims made against it were underpaid. This is only a matter of conjecture.

The principle of the bill is that we should set up a corporation which would take charge of the $1,500,000 remaining in the Winnipeg disaster fund. As I read the bill, the corporation it would set up would duplicate the services that are being and can be rendered by the Canadian Red Cross. The setting up of a new organization for the purpose of perpetuating the fund means that offices would have to be established and personnel hired for purposes of administration. This would be a continuing charge on the fund.

We certainly hope that disasters, earthquakes and the like may not happen; but to have a permanent organization paid out of the fund in the anticipation that something like this will happen is in my opinion a duplication of service already provided by the Red Cross. If there is no use for the money in the area concerned, and if it cannot be used properly for the purposes for which it was subscribed, then I suggest it should have been handed over to the organization that has shouldered responsibility in that field, rather than set up another corporation.

Those are my views on the subject.

Mr. Victor Quelch (Acadia): Mr. Speaker, in common with the hon. member who has just taken his seat I cannot see the need for setting up an organization of this kind. I agree with him when he says that in the Red Cross we have a first-class organization, one with wide experience and with offices in various parts of Canada. It could very easily handle this money in the event of any disaster which might occur. Any corporation which would have to administer the expenditure of this money would have to incur certain expenses, and there is always the feeling that some of the moneys used for administration might be saved if the fund were handled by an organization such as the Red Cross, which already has in existence suitable machinery for this purpose.

We do not feel any useful purpose would be served in setting up a corporation of this kind. Do I understand the bill is to go to the committee on miscellaneous private bills?

Mr. Weir: No thought has been given as to whether or not it should go to an outside committee, because it has already been before the special committee in the other place. I would have no objection one way or another. However, the fact remains that, in addition to having been discussed by that committee, it has been before a committee of the Manitoba legislature.

Mr. Speaker: Under our procedure, if the bill receives second reading it will be referred to the standing committee on miscellaneous private bills.

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

MERIT INSURANCE COMPANY

Mr. Alan Macnaughton (Mount Royal) moved the second reading of Bill No. 280, to incorporate Merit Insurance Company.

Mr. Drew: Do I understand that this bill, too, will go to one of the committees?

Mr. Speaker: If it receives second reading this bill will go to the standing committee on banking and commerce.

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

SECOND READINGS—SENATE BILLS

Bill No. 281, for the relief of Helen Vera Cater Morgan.—Mr. Winkler.

Bill No. 282, for the relief of Theresa Hynes Gnatiuk.—Mr. Winkler.

Bill No. 283, for the relief of Anna Kobitowich Gordon.—Mr. Winkler.

Bill No. 284, for the relief of Mary Viola Yolanda Decorato Roy, otherwise known as Mary Viola Yolanda Decorato King.—Mr. Winkler.

Bill No. 285, for the relief of Vincent John Laviolette.—Mr. Winkler.

Bill No. 286, for the relief of Eileen Arthur Osborne Prescott.—Mr. Winkler.

Bill No. 287, for the relief of Margaret Aziz Salhany.—Mr. Winkler.

Bill No. 288, for the relief of Margaret Parker Graves.—Mr. Winkler.

Bill No. 289, for the relief of Audrey Jane Clements Patterson.—Mr. Winkler.

Bill No. 290, for the relief of Roland Masson.—Mr. Winkler.

Bill No. 294, for the relief of Clara Doris Jacobovitch Shepherd.—Mr. Winkler.

Bill No. 295, for the relief of Doris Esther Kimel Schwartz.—Mr. Winkler.

Bill No. 296, for the relief of Hans (Johann) Mueller.—Mr. Winkler.

Bill No. 297, for the relief of Joseph Henri Jacques Gaston Lareault.—Mr. Winkler.

Bill No. 298, for the relief of Joseph Nagy.—Mr. Winkler.

Bill No. 299, for the relief of Aime Arthur Roy.—Mr. Winkler.

Bill No. 300, for the relief of Sarah Juliet Montgomery Scott.—Mr. Winkler.

Bill No. 301, for the relief of Mary Ethel Flood Harding.—Mr. Winkler.

Bill No. 302, for the relief of Carrie Ruth Morbey Chenoy.—Mr. Winkler.

Bill No. 303, for the relief of Beatrice Sylvia Aston Sutton.—Mr. Winkler.

Bill No. 304, for the relief of Irene Toth Nagy.—Mr. Winkler.

Bill No. 305, for the relief of Henryka Ziernicka Bogdan.—Mr. Winkler.

Bill No. 306, for the relief of Mildred Ermine Bradshaw Moore.—Mr. Winkler.

Bill No. 307, for the relief of Shirley William Bales.—Mr. Winkler.

Bill No. 308, for the relief of Marjorie Joy Hartley Tanner.—Mr. Winkler.

Bill No. 309, for the relief of Thomasine Elaine Mansfield Black.—Mr. Winkler.

Bill No. 310, for the relief of Patricia Mary Kearney Hollett.—Mr. Winkler.

Bill No. 311, for the relief of Margot Fairbanks Duff Pratt.—Mr. Winkler.

Bill No. 312, for the relief of Marguerite Rita Stevenson LaFerme.—Mr. Winkler.

Bill No. 313, for the relief of James Alexander Dougherty.—Mr. Winkler.

Bill No. 314, for the relief of Morris Fishman.—Mr. Winkler.

Bill No. 315, for the relief of Yvon Perras.—Mr. Winkler.

MID-CONTINENT PIPELINES LIMITED

The house in committee on Bill No. 189, to incorporate Mid-Continent Pipelines Limited—Mr. Larson—Mr. Beaudoin in the chair.

On section 1—*Incorporation.*

Mr. Drew: Mr. Chairman, I had spoken for a few minutes before the committee adjourned on the last occasion this bill was before members of the house. I had indicated that, while it is a private bill, the subject matter is of major public importance and that there is a fundamental issue of very great importance involved in the amendment which the committee will be called upon to consider. As that amendment has already been read into the record I need not repeat it now, and will only say that the amendment to the bill now before

the committee calls for the construction of a gas pipe line throughout Canadian territory all the way.

In view of certain things that have been said with regard to the discussions that have taken place, I believe it is appropriate to explain our position because there is a matter of very great importance to all Canadians involved in the bill. It is true that if the bill passes it goes no further than to provide for the incorporation of a gas pipe-line company. After that it will be necessary for this company, as well as other companies, to place its application before the appropriate authorities who will consider the whole problem and ultimately make a decision as to which company will have the right to carry natural gas in this way.

In the remarks I made I pointed out that I did not believe that economic factors can be disregarded. I indicated that I thought it would be folly to deny all considerations of cost and economy when considering the course that should be followed. I pointed out that we have many dealings with the United States, and have had for long years, under which resources of one kind and another are sent in certain cases from Canada to the United States and in other cases from the United States to Canada. I am sure that will continue. For example, we have enormous quantities of coal in Canada, but it has been recognized that it is economically sound for the large industries of western Quebec and southern Ontario to import industrial coal from the United States.

This exchange of resources is by no manner of means a one-way traffic. For generations the United States have been receiving from us raw materials which they require for their industrial development. I have no doubt that they will continue to receive raw materials of different kinds. This exchange between the two friendly nations is bound to go on. Nevertheless the point I should like to make is that economic factors alone cannot decide a question of this kind. We must at the same time consider the general welfare of the nation. In making a decision of this kind, it is possible that there might be certain economic advantages in exporting raw materials of a certain kind in a certain way. On the other hand, we must weigh the advantages of retaining certain priorities with respect to these raw materials, and decide what is going to contribute most to the general welfare of Canada.

This is not simply a problem that relates to the advantage of one particular part of Canada. Every part of Canada gains from the development, expansion and greater population of other parts. We must look at it in that way. Southwestern Ontario has been a large consumer of natural gas from the United States for a great many years. That area has also been a substantial producer. Until recently the possibility of the export of natural gas from Canada to the United States had not called for serious consideration. Now, however, we find ourselves for the first time in our history with large quantities of natural gas available in Alberta, Saskatchewan and British Columbia, the main source at present being found in Alberta.

As a party we have gone on record as expressing the belief that, subject to our own reasonable requirements, we should not hesitate to enter into arrangements with the government of the United States for an exchange whereby gas would be exported south from the western Canadian fields while gas would be exported north to eastern Canada from fields in the United States. That does not in any way preclude development along the lines contemplated by this bill or another bill that was before the house on an earlier occasion, but obviously there were certain economic advantages in bringing gas directly north in the east and in shipping gas directly south in the west, subject always to Canadian priority in the use of its own raw materials.

The situation before us now is not such as we were discussing on earlier occasions. Under the measure before us we are discussing the advantage of exporting gas from Alberta to eastern Canada mainly for use in Ontario and Quebec. A question has been raised as to whether it is to the advantage of Canadians generally, and particularly the people of Alberta, to export that gas through the United States or by a Canadian route north of the great lakes.

Let me make one comment in that regard. We can be quite sure that if the gas is carried through the United States by a pipe line south of the great lakes we are only deluding ourselves if we suggest that this can be done in bond. We know perfectly well that if gas is carried by a pipe line south of the great lakes it is going to be used in the United States.

One of the reasons that it would be cheaper to handle gas carried south of the great lakes is that it could flow into the Panhandle grid and be distributed to consumers in the United States. I have not spoken to anyone really well informed on this subject who did not admit immediately that if a pipe line goes south of the great lakes, for many practical reasons that gas will be used in the United States.

Now I hope there will be no misinterpretation of my remarks to the extent of suggesting that I am implying there is anything inherently wrong with supplying resources to our friends in the United States. I am dealing with the question that has been raised, of the advantage of carrying gas to Ontario and Quebec by a pipe line south of the lakes or north of the lakes.

If that is the question, then let us recognize that if the gas is going to be used in Ontario and Quebec, the only way to make sure that it will be used there is for the pipe line to go north of the lakes. I can understand the argument as to the immediate economic advantage of piping gas into the Panhandle grid and getting a large market; but I submit that if a pipe line that would carry a substantial part of the available supply of natural gas which is going to be allowed to go outside of Alberta—beyond that needed for their own use and for the western provinces including British Columbia, Saskatchewan, Manitoba as well as Alberta— is constructed south of the lakes, we may just as well abandon any hope of having a pipe line carry natural gas through northern Ontario, and for that matter into the province of Quebec. It seems to me that the amendment before us is consistent with the best interests of Canada and is, at the same time, consistent with the best interests of the people of Alberta as well.

In discussing this it should also be remembered that when we speak of arrangements between the national governments of Canada and the United States, there are certain factors which we must not ignore. The rights of the individual states to control any property within their boundaries, including pipe lines, are not to be disregarded by anyone who discusses this subject in the house and who assumes that it is possible for the government of the United States to enter into any kind of arrangement we may propose. With the warnings that have been received by the people of the United States of shortages of natural resources, the states are going to become more jealous of their own rights in regard to the use of those natural resources which are of immense importance in certain specialized types of industry. There does not seem to be much doubt that financial returns could be realized by carrying gas into the United States and postponing indefinitely any thought of carrying this gas to eastern Canada.

I suggest, therefore, that the surest way of realizing on any of the surplus gas that may be available over and above the amount properly required by Canadian consumers, either in British Columbia or in the provinces to the east of Alberta, is to dispose of that surplus by the shortest possible pipe lines south to the northwestern and midwestern states of the United States to the extent that sound economy suggests. By following that route gas can be carried into the Panhandle grid which extends that far. But if the movement of natural gas to the east is to come through the Panhandle grid, which supplies such a great area in the United States, then not only Sarnia and southwestern Ontario, but also northern Ontario, central Ontario, eastern Ontario, as well as the whole of Quebec, will be at the end of the pipe line and entirely dependent upon decisions made by the government of the United States on the one hand and, on the other, by the governments of the individual states through which that pipe line will pass.

Mr. McIlraith: I wonder if the hon. gentleman will permit a question at this point. I take it from his argument that in this particular bill he favours an all-Canadian route.

Mr. Drew: If the hon. member will be patient he will find that the points I am putting forward are being made in support of the consideration of the amendment, as I indicated on an earlier occasion. The amendment that is before the house would provide for an all-Canadian route. That was what I read into the record on an earlier occasion, and indicated that this was what we should consider.

Mr. McIlraith: I did not mean to—

Mr. Drew: The time is short, and I wish to have that time to enunciate the views that I seek to place before the committee. It is only human nature that the first demand for consumption would be met in the United States. Being at the tail-end of a pipe line has not been a reassuring experience for those who have had that experience, and we have had it. The province of Ontario offers evidence of what occurs under those circumstances. Ontario was at the end of a pipe line from the United States during the war. The demands of extended war industry in the United States at that time resulted in the government of the United States banning the export of gas to Canada in a very substantial measure. Fifteen thousand consumers in southwestern Ontario, with installed equipment, were compelled to discontinue the use of gas because of that ban. Only 5,000 of those customers have been able to renew their use of gas, although in most cases they still have the equipment available for that purpose. The remaining

10,000, owing to restricted supplies, have been unable to avail themselves of the equipment they possess.

With that experience so fresh in their minds, with that experience still a very unfortunate reality in southwestern Ontario, it is not likely that the people of that area, or the people of Ontario or Quebec who know what happened there, would be too greatly assured if a pipe line went south of the lakes and carried gas from Alberta into the Panhandle grid.

Arguments have been made that it is not economically sound to construct a pipe line through northern Ontario to Quebec and southern Ontario. I disagree with that most vigorously. Granted that there may be valid arguments about the lower cost of delivery by the southern route, it is important to remember that it is not a lower cost on a temporary basis which the people want. They want an assured and continued supply at prices they are prepared to pay, and prices which are attractive to them.

Even assuming, for the sake of argument, that the price might be less by carrying the gas by the southern route, the fact remains that gas can be sold in Ontario and Quebec at prices that are lower, having regard to the B.T.U.'s of the gas, than the commercial gas now being used in those areas. In fact it is estimated that with the cost of carrying it over the northern route the actual cost of heating units would be about 50 per cent of the price they are paying in Ontario and Quebec for manufactured gas. Let us not be carried away with any thought that there is no large demand for natural gas in Ontario and Quebec. In northern Ontario, in that area between the Manitoba boundary and North Bay, there is a potential demand for 15 billion cubic feet per annum for existing industries which could be served by such a pipe line. This estimate does not contemplate the expansion of heavy industry that would result from the use of this very important fuel, nor the ancillary industries that would be increasing the demand in that great area.

Then may I put forward the estimated potential demand in other areas. It is as follows: central Ontario, 30 billion cubic feet per annum; southwestern Ontario, 15 billion cubic feet; eastern Ontario, 10 billion cubic feet; the province of Quebec, including the mining areas, Montreal, Three Rivers, 30 billion cubic feet. Those are the potential demands, and on top of that is the demand that would come with the new markets created by expanding industry, and also the advantages that would come from the unique storage facilities available in southwestern Ontario.

This last point is of very considerable importance. The storage capacity amounting to 60 billion cubic feet consists of wells which have been used and exhausted over the last hundred years. The gas now stored in those wells could be sold, and gas pumped into them from the pipe line carrying the natural gas from Alberta. This would make it possible to absorb a constant flow of natural gas from Alberta throughout the whole year.

The suggestion is made that it would be necessary to subsidize the delivery of natural gas in eastern Canada. I do not question the earnest attention which has been devoted to the facts by anyone who is putting forward any of those arguments, but I do not agree with them. Assurance has been given in this case, and in the case of a bill which has become law incorporating another pipeline company, that these companies could finance these pipe lines and deliver the gas without any special financial assistance of that kind. Such evidence as I have been able to examine convinces me that the price at which natural gas would be delivered in Ontario and Quebec would be economically attractive in view of the present costs of manufactured gas and the uncertainty of the natural gas supply in that part of Ontario now equipped to use it. As I have mentioned, there are 10,000 people who were consuming it and who now cannot use the equipment they possess.

I believe that this plan for an all-Canadian route is of great advantage to Alberta, as it is to the rest of Canada. I believe this storage capacity is of advantage to Alberta because of the even flow that would result. May I point out also that the very existence of that storage capacity is a warning as well. There were people who thought these wells were inexhaustible. We have that storage capacity, 60 billion cubic feet, because those wells were not inexhaustible; because those wells have been used, and because the best purpose to which they can now be put is to hold gas coming from some place else.

Mr. McCann: Has that ever been tried in any other country?

Mr. Drew: It is being done day by day right now. Gas is being stored in these wells at this very moment. They actually are using that 60 billion cubic feet capacity. Today we are buying many things from the United States which are manufactured there and which we could manufacture in this country if our industry had natural gas. It is not just because of the B.T.U. content; it is not just because of the cost of natural gas, but because there are certain advantages in the use of natural gas, because of its quality

and its heating value. There are a number of parts of refrigerators, automobiles and equipment of that kind which could be made by industries in this country if they had that natural gas today. These parts are being made in the United States and imported into Canada.

Those of us who believe in the tremendous development of Canada, those of us who believe in its tremendous expansion in the years ahead, find it difficult to deal with a subject of this kind merely in terms of cold economics or in terms of the quick dollars that can be realized. Those of us who look to the use of these resources for our own future, the future of a country of 50 million or 100 million people, like to think of the long-term use of this gas and its employment in the expansion of industry in every part of Canada. I am sure the people of Alberta are just as much interested in the development of the other parts of Canada as are the people who live in this part of Canada. I am sure every part of this country recognizes that the problem is that of building a single nation as strong as possible.

If there is more gas than could be employed by this eastern pipe line, if there is more gas than could be used in Alberta itself and more gas than could be used in British Columbia, then by all means, subject to the consideration of economic factors, let us export gas, to the extent that will avoid any waste of the gas that is actually coming from the ground. Mr. Chairman, I do suggest that to deny Ontario and Quebec the natural gas they are anxious to buy, at the price that it will cost, is hardly consistent with the desire expressed by all of us to build one strong united nation of which every part will benefit from the expansion and increase in population and prosperity of every other part.

Now, Mr. Chairman, if there were unanimous consent I could finish my remarks in about three minutes.

Mr. McIlraith: I should point out that there are others who will be speaking on this bill.

Mr. Drew: I understand that. The only reason I suggested it was that I had spoken for a few minutes before and if it is convenient to the members—and only in that event—I would prefer to finish these remarks at this time instead of breaking them up and making another speech on another occasion.

Mr. McIlraith: That is quite all right.

The Chairman: Is it agreed?

Some hon. Members: Agreed.

Mr. Drew: In the past Canada never had enough gas, oil, iron or some of these resources that we now find we have in such hugh quantities. With these resources, and with the fabulous mineral discoveries that have been made in recent years and months, it seems that we should contemplate anything of this kind with the picture before us of the kind of Canada that can develop from a policy of sound, legitimate self-interest, without at any time adopting a dog in the manger attitude in relation to those resources which can properly be exported over and above our own requirements.

I suggest that it is Canada's manifest destiny to become a great industrial nation. We are now an industrial nation, but we can become one of the really great industrial nations of the world by the employment of the raw materials which can be fabricated with the cheap electricity, the coal, the petroleum and the natural gas that we now have.

As we discuss this subject I think we should have in mind one of the most important documents that has been prepared on this continent for many years. I refer to the Paley report, which was presented to the government of the United States last June. In that comprehensive survey of the resources of that country it is pointed out that 50 years ago the United States had such an abundance of raw materials that they were not only meeting their own expanding requirements but were shipping raw materials elsewhere as well. Now they are actually in a deficit position. The Paley report emphasized the fact that within 25 years that deficit in many raw materials is going to assume serious proportions. With this evidence before us I suggest that we should profit by their experience and decide that in developing our own expanding economy we shall also conserve our resources, always subject to reasonable employment of our surpluses for export, and that our own development should at all times be the first consideration.

When we come to the attitude of Alberta, may I say that this subject was first discussed in Alberta in a comprehensive manner by the Dinning commission which made its report in March of 1949. After pointing out that all representations made to that commission had emphasized the desire that Canadian development should receive first consideration, the report then made this positive declaration on that subject:

> The commission therefore supports the application of the principle of priority to Canadian users.

That was the declaration by a commission set up in Alberta, in a comprehensive report which covers this whole subject. If this

amendment is accepted and the policy of an all-Canadian pipe line is accepted, I believe this may well mean tremendous industrial development in northern Ontario and northern Quebec, and a new type of industrial development, as well as increased expansion in the industrial areas of southern Ontario and southern Quebec.

We are assured that those who make the application in this case and in the other case are able to finance the enterprise. As has been pointed out before, it is not for us to decide which corporation will receive permission to carry out this operation. Whichever corporation is allowed to do it, I strongly support the amendment and believe that it is in the best interests of Canada that we should assure an all-Canadian route for the transmission—to the east in this case—of the natural gas which will mean expanded development and new types of development over great parts of Canada. I approach this subject in a spirit of unrestrained optimism as long as we only see the breadth and brightness of the horizons that now stretch out before us.

Section stands.

Progress reported.

Mr. Deputy Speaker: At eight o'clock the house will resume consideration of the business which was interrupted at five o'clock.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

SUPPLY

LABOUR CONDITIONS—STRIKE OF GRAIN HANDLERS AT VANCOUVER AND NEW WESTMINSTER

The house resumed consideration of the motion of Mr. Fournier (Hull) for committee of supply.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, I have one matter I should like to place before Your Honour and hon. members before we go into supply, and that is the strike in the elevators in the cities of Vancouver and New Westminster. I do this because ships are lying at anchor in the harbour there. The last dispatch I have reports that eleven ships are lying in the stream. The report also intimates that because of this strike about 15 million bushels of grain have not been shipped from the west coast, which otherwise would have gone overseas. Therefore the strike is a very serious matter for our port. We do not wish to have it spread all over the seven seas that it is impossible to have business carried on from the port of Vancouver. The strike involves a great deal of expense to the ships, to the men who are out of work, to the companies, and of course to the farmers of the west, particularly those of Alberta who are suffering most because most of the grain which is not being moved to market is from that province.

I believe the government could give a stronger lead in bringing about a settlement of this strike than has been given thus far. It began, I believe, on February 16, which was just seven weeks ago yesterday. The following day a question was asked of the Minister of Trade and Commerce (Mr. Howe). The question and answer may be found at page 2000 of *Hansard*. The minister replied that his department was quite satisfied to leave the settlement of the strike in the hands of the Department of Labour.

That was on February 17. Three days later, on February 20, Mr. J. L. Phelps, who is the chairman of the interprovincial farmers' council in western Canada, and also I believe the president of the farmers' union of Saskatchewan, offered to mediate between the parties concerned. They did not accept, and on February 26 another question was asked in the house, again of the Minister of Trade and Commerce. That question and answer will be found at page 2416 of *Hansard*. The minister had nothing to offer in the way of a suggestion for bringing this strike to an end. He was questioned again on March 2, the question and answer being found at page 2513. In his answer that day the minister concluded with these words:

> I have no doubt that negotiations are being expedited for an early settlement.

On March 4 I had word from Vancouver that nothing had been heard as yet from the Department of Labour. Your Honour will notice that these questions thus far had been placed before the Minister of Trade and Commerce and not the Minister of Labour. On March 4 Mr. Henry G. Young, who is president of the farmers' union of Alberta, entered the picture because of course the farmers in Alberta are just as much concerned as we are about this strike. Mr. Young had this to say in an interview with the press and I am quoting from the Vancouver *Province* of March 4:

> President of farmers' union of Alberta today declared "it is time to quit stalling", and take immediate action to end the Vancouver strike at five huge grain terminals.
>
> In Edmonton, President Henry G. Young said shipments of grain from Alberta—90 per cent of it comes through Vancouver and New Westminster ports—are at a standstill "and the situation is becoming increasingly serious to Alberta farmers."
>
> "No real effort is being made to settle the strike", he said.
>
> Mr. Young said an offer by three prairie farm unions to mediate had been accepted by the strik-

ing union but ignored by elevator companies, which, he said, had made no open negotiations with the union.

Also, he said, an appeal to the federal government to end the strike resulted in no action.

I point out that Mr. Young said in that interview that it was time to quit stalling about this strike. On March 5 we had the first statement in this house from the Minister of Labour. There was not very much in that statement, which will be found at page 2635 of *Hansard*, and which was in effect a short summary of what had taken place up to that time. The next day, on March 6, Mr. Phelps, to whom I referred a few moments ago, went to Vancouver and from there appealed to the Department of Labour to make some endeavour to get this strike settled.

On March 8, two days later, the Minister of Labour (Mr. Gregg) sent Mr. Bernard Wilson of the Department of Labour out to Vancouver. That was the first action of which we are aware taken by that department. I hold in my hand a dispatch appearing in the Vancouver *Province* of March 9. In this we find the following:

This is the first direct action taken by the federal labour department. The companies and the union have not met since the strike broke 22 days ago.

Mr. Wilson went to Vancouver three weeks, mind you, after the strike had begun. Then on March 9 we had another statement by the minister in the house which merely reported that he had sent Mr. Wilson to the coast. Three days later, on March 12, Mr. Wilson suggested proposals for a settlement but was unable to bring about an agreement between the parties concerned.

Press dispatches reported these moves by Mr. Wilson, and of course reported a continued failure to bring about a settlement. Then on March 16 we find press dispatches from the west coast intimating that the whole question was being held back until the threatened strike at the lakehead, in Ontario, had been forestalled.

A dispatch in the Vancouver *Province* of March 16 contains this paragraph:

Meanwhile, observers in Ottawa say the government's efforts to assist the parties in reaching a settlement are complicated by the fact that grain handlers at the great lakes head, members of different union than the Vancouver workers, have not yet signed their agreement.

They say the lakehead unions may be marking time, and may make no effort to sign an agreement until the situation here is clarified.

Whether or not that press dispatch is correct I do not know. The Department of Labour may have been waiting to see what happened at Fort William and Port Arthur. In any event there is a considerable body of opinion which believes that is one reason for the delay.

Two days later, on March 18, the proposal which had been put forward by Mr. Wilson in Vancouver was rejected by both the employers and the union. Mr. Wilson had this to say to the press:

It is evident the parties have not yet reached common ground and are not likely to do so in the near future if left to their own devices.

On the same day the minister made a report to the house in which he commented on the failure to bring about a settlement. Two days later, on March 20, Mr. Wilson left Vancouver; but before doing so he submitted in writing a proposal to the employers and to the union. The main feature of the proposal was that the conflict over wages should be left to an arbitrator, whose decision would be binding on both parties. Mr. Wilson came back to Ottawa and, so far as I know, that was the end of the attempts to bring about a settlement.

As is indicated at page 3230 of *Hansard* for March 24, the Minister of Labour reported on Mr. Wilson's trip. Then on April 1, only last week, I asked him in the house whether he had anything further to report, and his reply is to be found at page 3497 of *Hansard*. Incidentally, the hon. member for Fort William (Mr. McIvor) will recall that he rose in his place and made a short statement in which he praised the minister for preventing the strike at the lakehead. I followed the hon. member with a question as to what had happened on the west coast, to which the minister replied:

As hon. members will remember, a proposal was addressed to both parties by our representative, Mr. Wilson, before he left Vancouver, that recommended that agreement on several points be reached, that work be renewed and that the dispute over the wage increase be referred to an arbitrator who would be chosen by both parties and whose decision would be final. I have not had a final report as to the views of the two parties regarding that proposal.

Then I asked this question:

Has the minister given any thought to having the parties come to Ottawa in the hope that this strike can also be settled?

To that question the minister replied:

Before coming to a decision on that matter, I should like to have a reply from the two parties with respect to what is, in my opinion, a very sound proposal for settlement that is now in their hands.

That answer was given on April 1. There may have been some developments in the meantime, but no indication is contained in press dispatches that the strike is any nearer settlement than it has been throughout. Meantime the strike at the lakehead has been prevented. That was done by calling the parties here to Ottawa; as a result of their coming here the threatened strike was called off.

Strike of Grain Handlers

I do urge upon the government, as strongly as I possibly can, that similar action be taken with regard to the strike on the west coast. I believe if the representatives of the two parties were brought here to Ottawa and interviewed by the minister and his deputy there would be a reasonable chance of settling this unfortunate strike. It is now two and a half weeks since Mr. Wilson left for Ottawa and, as I mentioned a moment ago, he said at that time there was no chance of the parties getting together if they were left to themselves. I believe the practical step to take now is to bring the representatives here to Ottawa in order to see if these troubles cannot be ironed out.

Out on the west coast we feel we are a long way from the centre of Canada, a long way from headquarters. We are inclined to believe that difficulties of this kind in our province do not count as much down here at Ottawa as if the troubles were in the port of Montreal, or at the lakehead. We have the actual fact that the threatened strike at the lakehead has been settled. Whether it is because Vancouver and New Westminster are so far away, on the other side of the mountains, and they do not stir up the activities in the Department of Labour as much as do troubles at Fort William or Port Arthur, or at Montreal, I cannot say.

This is a very unfortunate strike. Grave damage is being done to the ports of Vancouver and New Westminster and, as I have said, to the farmers on the prairies. I believe if the government took the lead and invited the representatives of these groups down here to Ottawa, there is a reasonable chance that the strike could be settled without any further delay. I rose tonight in this debate simply to place that suggestion before the government in the hope that they will take action either along that or some other line. I realize that it is a difficult problem, but it is never going to be settled by sitting back waiting for something to happen.

Mr. Angus MacInnis (Vancouver East): Mr. Speaker, I think the hon. member for Vancouver-Quadra (Mr. Green) has done a service for the people on the Pacific coast, both labour and management, in bringing this matter to the attention of the house. I doubt if there will be anything in what I shall have to say that has not been touched upon by the hon. member for Vancouver-Quadra, but I also wish to add my support to the request he has made of the Department of Labour that it should endeavour to get both parties together in Ottawa or somewhere else and indicate to them that the time has arrived when a settlement of this dispute is imperative.

I regret very much that neither the Minister of Labour (Mr. Gregg) nor his parliamentary assistant is in the house this evening. I do not say that in a fault-finding way because I know they had no forewarning that this matter would be raised. Furthermore, I am not saying it in a fault-finding way because I have been almost constantly in touch with the Department of Labour with respect to this matter and I know they are concerned. My last word was with Mr. Maclean, the deputy minister, just before the house adjourned on Thursday for the short Easter recess. I was to call him again this morning but unfortunately I did not have time to do so because of pressure of other business.

I want to give the house a brief summary of the events leading up to the strike and of what has taken place since the strike, as given to me by the elevator employees. The contract between the local union and the terminal elevator companies terminated on November 30, 1952. The union tried to enter into negotiations with them shortly after the expiration of the agreement, but the companies would not discuss any proposals for a new agreement if the union would not agree to a wage cut of 5 cents an hour, I believe. On the suggestion of the representative of the companies, Mr. R. H. Tupper, Q.C., the entire matter was submitted to a board of conciliation under the chairmanship of Professor J. A. Crumb of the University of British Columbia. Both majority and minority reports were made by the members of the conciliation board. The majority report recommended certain fringe benefits, as they are called, involving an increase in wages for employees working in dusty jobs and a differential of 5 cents an hour for night work. It also recommended two additional holidays with pay. There was no mention at all in the majority report of either a wage increase or a wage decrease.

As I understand it, the minority report coincided with the majority report on the points I have mentioned but also recommended an increase in wages of 12½ cents an hour. The employees accepted the recommendations of the majority report with the exception of the one on wages, and asked that this matter be discussed directly between themselves and the companies. On the other hand, I am told that the companies rejected all the recommendations of both the majority and minority reports. They rejected the benefits to which their own member on the board and the chairman had agreed.

This left the employees in the very difficult position of either going on strike or agreeing to sign an agreement involving a 5 cents per

hour cut in wages. Anyone who knows anything about these matters will realize that at a time like that no officers of a union would recommend to their members that they go to work under that kind of an agreement. However, the union made another effort to resume negotiations with the companies on January 28. The company representative, the union representative and the representative of the Department of Labour, which had already concerned itself with the situation, held an informal meeting at which the representative of the companies stated that there was no point in further discussions as the companies would not go beyond the 1952 contract. The union then gave the companies two more weeks to reconsider their attitude, and on the 16th of February the strike was called.

As the hon. member for Vancouver-Quadra has pointed out, the strike is a very costly one. I have been given estimates of the cost per week to the companies and to the employees. I am not going to mention the figures here because I do not know how reliable they are, but in my opinion they are not out of line with what is reasonable. When one adds to the cost to the participants the large number of other employees who are now out of employment and have been for some time, and the loss to the railway and other companies involved in the shipping business, the cost to the city of Vancouver and ultimately to Canada as a whole is quite a large figure.

I urge the Department of Labour to try to get the representatives of the employees and the companies together in an effort to reach a settlement in this matter. Labour disputes are no longer questions that merely involve employers and workers. The labour laws—the federal labour code and the codes in the provinces—are clear proof that today everyone agrees that the community has an interest in these labour disputes. Also, of course, we have our Department of Labour here, well staffed with men capable of doing what can or should be done in the way of bringing the two parties together.

Some little time ago I had a communication from the union asking me to urge the government to take steps to settle the strike. I told them that in my opinion that would be a rather dangerous policy to adopt, that it could prove dangerous even to the union, but that if they would tell me the terms on which they would be willing to agree to resume work I would be very glad to pass them on to the Minister of Labour (Mr. Gregg) to see what he could do about it. I do not think any member of parliament could be justified in going farther than that.

Again, as I said, the time is running on, with the strike now going into its eighth week. While the number of men involved directly is not large, I am daily receiving letters from other workers who are being thrown out of employment; and the loss to Canada and particularly to the west coast is on a very big scale indeed. I would urge the leader of the house to see that what has been said here tonight is brought to the attention of the Minister of Labour at as early a date as possible. I am sure, from the conversations I have had with him, that he appreciates the importance of this stoppage of work. Possibly the same methods for settlement might be used as were used in the settlement of the strike at the head of the lakes. Nothing will be lost from trying, and a great deal may be gained.

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

DEPARTMENT OF DEFENCE PRODUCTION

79. Departmental administration and payments to Canadian Commercial Corporation and other corporate agencies for services provided in connection with defence purchasing and production, $6,710,933.

Mr. Dickey: Stand.

Item stands.

PRIVY COUNCIL OFFICE

306. General administration, $351,802.

Mr. Fournier (Hull): Stand.

Item stands.

DEPARTMENT OF RESOURCES AND DEVELOPMENT

364. Departmental administration, $399,090.

Mr. Winters: Stand.

Item stands.

DEPARTMENT OF PUBLIC WORKS

320. Departmental administration, $671,905.

Mr. Graydon: Mr. Chairman, may I ask the minister if his statement in connection with the first item under public works will be lengthy?

Hon. Alphonse Fournier (Minister of Public Works): Mr. Chairman, if this is an invitation to make a statement on public works hon. members will be disappointed, and it would be the first time in eleven years that I had made a statement. My general statement is that nearly everything that goes on in public works is contained in the blue book. Members who have taken the time to read it will have found nearly all the details. I do not think it is a perfect book, but up to date we have had little criticism.

I could add that to my surprise an outstanding newspaper of the capital city wrote in an editorial one day the following words:

> In these days of budget fever when everyone is an economist and talks knowingly about the gross national product and the impact of taxes, it is heartening to find one department of government with its feet on the ground. This is the Department of Public Works, which has no public relations branch, makes few statements, and gets on with its job of building. The works department puts up office buildings, fine new laboratories, dredges harbours, builds breakwaters, wharves and jetties, and in general keeps the physical side of government in sound running condition.

Some hon. Members: Hear, hear.

Mr. Mutch: You asked for that.

Mr. Green: Mr. Chairman, I hope the minister does not really believe that he and his department are that good.

Mr. Fournier (Hull): Well, the paper says so.

Mr. Green: I am sure he does not believe everything that he reads in the paper. The minister has mentioned some little blue report in which we can find out everything that has been happening in his department. I have been trying to get that blue report ever since the house opened in January, but I have not been able to get it yet. I sent down today for the annual report of his department and the one that came up was for the period ending March 31, 1951.

Mr. Fournier (Hull): 1952.

Mr. Green: No, 1951.

Mr. Graydon: You had better look that one up.

Mr. Diefenbaker: It will turn out yet that he wrote the editorial.

Mr. Fournier (Hull): My office tells me that there is some misunderstanding. We did file the 1952 report, and it is the one for 1953 that has not come to us to date.

Mr. Green: This may be proof that the minister needs a public relations office.

Mr. Mutch: You should be the last to suggest that.

Mr. Green: In any event I was unable to get the report of the department for the fiscal year 1951-52 and, that being so has made it a little awkward to prepare any sort of a statement for the first item of the minister's estimates. I would hope that he could furnish us with a copy of that report before very long. Even if we do get it, it will only cover a period which expired over a year ago. So, whatever other good points there may be about the department, I am afraid that the little blue book is not one of them.

The minister will remember that when his estimates were under discussion about a year ago we raised the point of other departments undertaking public works which we thought should have been done by the Department of Public Works. Our criticisms were based, of course, on the report by the standing committee on finance of the Senate which was dated June 23, 1952. In that report there was one very important paragraph dealing with the Department of Public Works, reading as follows:

> The growing practice for other departments of government to by-pass public works department and build up little public works branches of their own, should cease, and all such work placed in charge of the public works department, where the law intended it should be.

That was one of the recommendations of this committee of the Senate; and it was based on the fact that various other departments of government have their engineering staffs and have been doing a good deal of building. As I read the findings of the Senate committee they argue or contend that in the fiscal year 1951-52 there was as much money spent by other departments of government, as was spent by the Department of Public Works itself.

In looking at the summary of standard objects of expenditure and special categories, which was tabled with our estimates for the fiscal year 1953-54, I find that this same condition still exists. In other words, about half the money spent for buildings and works, including land, by departments other than those concerned with war preparations, was spent by departments other than the Department of Public Works. We find very heavy expenditures for the construction or acquisition of buildings and works.

For example, the Department of Agriculture will spend over $11 million; the Department of Citizenship and Immigration over $4·5 million. This is for the construction or acquisition of buildings and works. In addition to these expenditures, of course, there are the expenditures for repairs and upkeep of buildings and for building rentals. At the moment I am only referring to the expenditures for construction and acquisition of buildings and works. The Department of External Affairs will spend over $1,300,000; the Department of Fisheries nearly $360,000; the Department of Justice, through the commissioner of penitentiaries, nearly $1 million; the Department of National Health and Welfare, over $1,300,000; the national research council and atomic energy control board, nearly $6 million; the Department of National Revenue, over $1 million; the Department of Resources and Development, over $4,200,000; the Royal Canadian Mounted Police, over $3,700,000; the Department of Transport, nearly $30 million; the national harbours board,

$6,400,000; the Department of Veterans Affairs, nearly $5 million.

Whether or not that is a fair test of the extent to which the Department of Public Works is being by-passed in the construction of buildings and works, I am not prepared to say. I merely say it was one of the tests made by the finance committee of the Senate. They used that test to support their argument that whereas from the time of confederation the Department of Public Works was supposed to be the great building department of the government, in recent years other departments have been stepping in more and more and undertaking construction under one pretext or another. By so doing they have been cutting down the importance of the Department of Public Works.

When we come to the Departments of Defence Production and National Defence, the figures are much higher. The Department of Defence Production is spending $60 million this year for buildings and works, while the Department of National Defence is spending practically $225 million for this purpose. It might seem that most of the defence building should be done by the defence department or the Department of Defence Production but I may point out that before the war certain defence works were constructed by the Department of Public Works. We had forts built around Vancouver, and I believe they were constructed by the Department of Public Works. Furthermore the Department of Defence Production, which is spending $60 million during this fiscal year on buildings and works, is a department which is to be wiped out eventually. It is only a temporary department, the plan being that it will be eliminated as soon as possible and its work put back into one or the other of the regular peacetime departments. I believe that work should go back largely to the Department of Public Works.

The Senate committee made this recommendation that more of the buildings and works should be handled by the Department of Public Works because they thought that would bring about a saving, that it would cut out a certain amount of duplication, and would put the responsibility for economical construction where it belonged. We pointed out this fact during the discussion of the estimates of the Department of Public Works at the last session, but I can see no sign in these current estimates that there has been any attempt whatever to give the Department of Public Works a larger field than has been the case in recent years. It would appear that there has been no change in policy in spite of the recommendation from the Senate. I would ask the minister to explain to us this evening whether or not there has been any change as a result of these facts being brought to his attention, and the attention of other ministers, during the last session.

Then I should like to know from him also what the policy is to be in the future. Are we going on in the present way with these other departments doing a great deal of their own building and handling their own construction, or is this work to be drawn back into the Department of Public Works where we believe it really belongs? I hope the minister will explain to us when I am through just what the policy is in that regard.

There is quite a substantial increase in the departmental estimates for this year. They have gone up, I think, by something over $5·5 million. I would ask the minister to explain to the committee, in general terms, where that increase is reflected in his estimates.

Another point is that in the second session of 1951 the house passed an amendment to the Public Works Act. No doubt the minister will recall that at that time we had quite a debate, and we finally persuaded him to cut down his request for additional power to do away with calling for tenders. I would ask him to let us have a list of the cases in which contracts were let by his department without the calling of tenders. At the present time the law gives him power to do away with the calling of tenders under three conditions: In the first place, where the work is of pressing emergency in which delay would be injurious to the public interest; in the second place, where the work can be more expeditiously and economically executed by the employees of the department concerned; and in the third place—and this is where the dispute took place in 1951—where the estimated cost of the work is less than $15,000 and it appears to the minister, in view of the nature of the work, that it is not advisable to invite tenders.

The minister will recall that, before the amendment, that figure was $5,000. In other words he could not do away with tenders unless the contract was for an amount under $5,000. The amendment raised the amount to $15,000 whereas the minister, I think, was asking the house to take the ceiling off entirely and to give him extremely wide powers to let contracts without tender. However, we saved him from that great error. I am particularly anxious to know the extent to which this new power of letting contracts for between $5,000 and $15,000 without the calling of tenders has been used during the last fiscal year, the year ended March 31, 1953.

The minister will know whether or not some of these requests will involve a great

deal of work. If such is the case I may say that I want to keep the work to a minimum. I have no desire to call on his department for reports which are unreasonably long; but I would ask that the list he gives us be divided into those three categories set out by the section.

Finally there is one local matter that I should like to place before the minister. As he knows, last year we urged upon him that dredging work should be undertaken in the first narrows of Vancouver harbour just as quickly as possible. In February of this year it was announced in the house that that work would be done, and I understood that it would be commenced at once; but in the estimates as tabled I find nothing for the present fiscal year to cover that work. I do not believe that any work has actually been undertaken in the first narrows.

I would point out to the minister that there is great urgency about this matter. We are being told by some of the oil companies—I heard the president of one of them intimate as much in addressing the Canadian Club here last week—that because Vancouver harbour needs improvement they are therefore going to pipe some of the oil from Alberta down across the boundary. I think that is just used as an argument. I do not think there are any tankers off the coast at the moment that are so big that they cannot use the harbour. But this argument is being advanced by some of the oil companies in support of their plan to send Alberta oil down into the state of Washington.

Then there is the great importance of not giving Vancouver harbour a bad reputation. It is one of the great harbours of the world. I do not believe there is in Canada a finer harbour than that of Vancouver. Simply because there is a need for further dredging to a depth of four feet or five feet, we do not want to have our harbour's reputation ruined by delay in getting this work undertaken. Both the ministers from British Columbia have given their word in Vancouver that that work would go ahead at once. I hope it is started, but so far as I know it is not. I would ask the minister to make that position clear when he speaks tonight.

Mr. Fournier (Hull): Briefly may I go over the points mentioned by the hon. gentleman. The first problem was construction works by other departments. As to that, the system is as follows. In every department they need certain specialized kinds of buildings. For instance, in the Department of National Health and Welfare they are in the hospital business. They have a few architects to design plans and give their ideas as to the hospitals they want to put up. This would be in the Indian branch of that department. Those architects co-operate and give some information to the architects of the Department of Public Works. They get the vote for the building and we do the work.

There are only a few departments where we do not do the work. For instance, we do not do their work for the Department of National Defence on the operation side; they have all that work done themselves or by Defence Construction Limited which is, we hope, a temporary arrangement. The Department of Transport generally do their own work on their airports and their facilities. But in nearly every other department—take, for instance, the mounted police—they have their vote of money but we generally do the work. That applies to nearly every department. So there is no taking away from the Department of Public Works of something that we have. We are extremely jealous of the work that is under our jurisdiction, but we are only the servants of these people in the other departments and we try to cater to their needs and supply their wants.

I do not say that in the other place they made a mistake, but I myself do not like to see any other department infringing on or duplicating the services that we are prepared to render to all departments and to the people. That would be the explanation I would give for these amounts which my hon. friend sees in the votes and in that white paper which is annexed to the estimates.

As to the increase in the estimates, may I say this. The hon. member for Vancouver-Quadra (Mr. Green) is quite an experienced parliamentarian. If he looks in this blue book that I have—I have not got the other one—

Mr. Green: That is the blue book I have not got.

Mr. Fournier (Hull): No, but you have this blue book. They have prepared this big blue book of estimates so that I may have less trouble in explaining what I want to say. If my hon. friend will look in that blue book he will see where the increases take place as between the two years. That is to be found at pages 50, 51 and 52. They are detailed there. My hon. friend will see that the difference between the estimates is about $5,765,000; and if he will read down those columns headed "Increase" and "Decrease", he will have the whole explanation. I could go over the items with him, but I think it would save time if he would just read those two columns. Then he will probably know as much as I do about those increases.

Mr. Green: I wanted an explanation as to the main increases.

Mr. Fournier (Hull): The main increases are all written down there. If my hon. friend looks at the architectural branch he will see that for maintenance and operation of public buildings in Ottawa there is an increase of $830,000, and outside of Ottawa $725,000. Then if he goes to building projects in the various provinces he will see that there is an increase of about $4,686,000. In the other column you have the decreases. We would have to subtract them. I do not think I should take the time for that. It is easily calculated. That would be the net amount. There would be now a $5,765,853 increase over last year. As we go along, when we meet these increases in the estimate book I will give a detailed explanation.

The third question you are asking is a real job for the department. You ask us to list all the contracts that were given by the department without calling for tenders. Well, we have hundreds and hundreds of contracts all over the country. I will give the hon. gentleman the place where he himself will get the information. It appears there.

Mr. Macdonnell (Greenwood): Do you split them up?

Mr. Fournier (Hull): You just look in the Auditor General's report.

Mr. Macdonnell (Greenwood): Do you split them up?

Mr. Fournier (Hull): By categories, from $1 to $500, and then from $500 to $1,000, and so on? Is that what the hon. member means by splitting them up?

Mr. Macdonnell (Greenwood): Is it possible to split them up so you will get them within the limit?

Mr. Fournier (Hull): That would be quite difficult. The change was made because you gentlemen said you would help me by bringing the figure up to $15,000 where I could give out contracts without calling for public tenders. This question was put to me by the hon. member for Kamloops and we found out that it would take so much time, because we find that it takes the year round to complete them and hand them to the Auditor General. If I remember correctly the hon. member for Kamloops dropped his question, redrafted it and asked for special contracts.

I know my officials are full of good will, but if I want to have the list revised in my estimates I think I should tell them to go ahead with the works instead of working on this. For my information generally, when I want to know something about my own department I look up the Auditor General's report. It is prepared by the comptroller of the treasury, and it goes in the Auditor General's report. It is an interesting study, but a little arid at times. You would find all the information there.

Mr. Green: That information would not be in the Auditor General's report.

Mr. Fournier (Hull): No?

Mr. Green: It would not be in the Auditor General's report we have because it covers only the period to March 31, 1952 and I was asking for the year March 31, 1952 to March 31, 1953.

Mr. Fournier (Hull): Up to eight days ago? That would be from 1952 to 1953, because I do not think the statute came into force until last year. We would have to compile the whole thing. We will be preparing this, of course, for the Auditor General and the comptroller of the treasury. What the hon. member has been asking for is a complete report on contracts without tenders, which we generally give to the Auditor General after the end of the fiscal year.

Furthermore, I am informed that even in contracts under $15,000 we call for tenders as usual if no loss of time is involved and if the work is not urgent. We generally do ask for tenders. May I tell the hon. gentleman that I have been sold on the system of asking for tenders on public works and I am not going to change; I am too old now to change. I have stuck to it, but hon. gentlemen did not believe me the last time. Somebody brought me down to my knees and I had to amend my bill. I knew what I was thinking of at the time. I believed in the system of calling for tenders, and I still believe in it. I do not limit myself when the amount is less than $15,000 to not asking for tenders. We do ask for tenders. It is for the protection of hon. members as well as of the Minister of Public Works.

Mr. Green: Can the minister not give us the number of these contracts in each category?

Mr. Fournier (Hull): I am told that they could put a staff on that and try to figure out the number of contracts that went through the department in the last fiscal year, and they are ready to do that as soon as I give them some free time.

The last question that was asked by the hon. gentleman had to do with the dredging of the first narrows. I cannot recall clearly, but I think in answer to a question I did make a statement to the house that the government had decided to undertake this dredging. Perhaps the hon. gentleman thinks it is a small job and that the moment I said go ahead and dredge the first narrows, the work would start the next day. It is not that easy.

Mr. Green: I would not think that.

Mr. Fournier (Hull): No; I am glad you agree with me, because it is quite a project, running into millions. As one listened to the discussion he would think it was some creek which we wanted to just clean out. If we meet the request of the people out there we shall have to dredge down to 40 feet, and we shall have to widen the channel to a certain extent. I have not the last estimate, but I am going to bring down an item in the supplementary estimates, which will come down in a few weeks, which will be part of the whole amount. The moment the money is authorized we shall ask for tenders and try to get some company to do the dredging. The hon. gentleman would not want me to undertake that work without having an appropriation passed by the house. That is the story. The quicker we pass these estimates and I get on to my supplementaries the quicker we will get on with this work in Vancouver.

Mr. Green: There are two different pieces of work to be done by the department. One is the dredging of the channel, and that is not to be confused with the widening of the channel.

Mr. Fournier (Hull): I know the two. The bigger project we cannot undertake now because it is under study by the national research council, by the national harbours board, assisted by the engineers of public works. It is a special committee that we are now dealing with. What I announced was that we would do some dredging in the first narrows. To my surprise I saw that it would run into millions of dollars. I never thought it was that kind of job. You will see that we are asking for quite a substantial amount in the supplementary estimates. When my supplementary estimates come down I hope the hon. gentleman will not make the statement that they have been increased, because that increase will go to Vancouver.

Mr. Green: When is it expected that that deepening will commence?

Mr. Fournier (Hull): The moment that we are authorized by parliament to spend money we will ask for tenders, probably from the companies out there; and the moment we get those tenders we shall give out the contract.

Mr. Green: Is it expected that the work will be started this year?

Mr. Fournier (Hull): I hope so, because otherwise I would not put it in my estimates. Why should I put it in the estimates if I am not going to try to spend it, at least? Oh, yes, that is my sincere hope. Although I am in favour of the system of tenders, do not criticize me because it takes time. You have to get your contracts.

[Mr. Fournier (Hull).]

Mr. Proudfoot: I rise at this time to draw the attention of the Minister of Public Works to the need of protectional work in the county of Pontiac-Temiscamingue. I first want to draw his attention to the need of protectional work in the vicinity of south Temiscamingue; then, in the vicinity of Fabre. I specially want to draw his attention to certain lots up there, one of them being lot 30, range 2, in the municipality of Fabre, on which nothing has been paid for the erosion done to this property, while the other lots in this vicinity have received some attention.

I would also like to draw the attention of the minister to the need of protectional work at the village of Ville-Marie. There has been some work done there in the past, and we should do more there this year. The same thing applies to College island and in Duhamel municipality. At Duhamel there are lots 53 and 54 on which there has been great erosion. I do not think anything has been done in regard to these lots at any time. Then at the town of Notre Dame du Nord there is great danger of property damage, as it is at that point that the Quinze river enters into lake Timiskaming. There is great erosion just at the mouth of the river above the bridge at Notre Dame du Nord, and I think we should certainly look into it immediately.

I should also like at this time to thank the Minister of Public Works for the co-operation and initiative he has shown in regard to the Allumette island-Pembroke bridge. I feel sure that after the item in the estimates of the federal department and the item in the estimates of the Ontario provincial legislature, it will be only a very short time until we have the full co-operation needed so this project may begin.

I should also like to draw the attention of the Minister of Public Works to the need for repairs of the bridge at Rapides des Joachims. At Bryson, Quebec, we have a bridge we have been using many years. It has served its purpose well, but it should be replaced because the traffic passing over it is much greater than it should be over a bridge of that construction.

Then we also need repairs to the bridge at Portage du Fort. We also have causeways or roadways over the dams at Temiscamingue. There is not room for two cars to pass on the causeway at Temiscamingue, or for pedestrians. So I think the only solution would be for the Department of Public Works to widen the roadway on the dam to Temiscamingue, and also to widen the roadway and causeway on the dam at Angliers. Also they should put up a walk, as they have at Notre Dame du Nord and Chapeau. This would

look after pedestrians crossing there, so they would not be injured, or in danger of being run down by automobiles.

I should also like to say at this time that we need quite a few wharves up in that constituency, especially in the northern end. There is great need of a wharf at Laforce, and also great need of a wharf at Belleterre, as well as at Notre Dame du Nord.

I would ask the minister to give consideration to these projects at the present time. We would hope to have them all included in these estimates, or in the supplementary estimates. I would also ask him to give consideration to two new projects we will need in the near future in the counties of Pontiac and Temiscamingue. I refer to the interprovincial bridges between Fort Coulonge and the Ontario shore, and between Quyon and the county of Carleton.

Mr. Higgins: Following the requests from the new "province" of Pontiac-Temiscamingue I do not feel at all worried about bringing forward the small matter I have to discuss—that is, if the minister has any money left, following the requests of the hon. member.

What I have to say involves a grave matter of principle, and it is to that particular phase I would direct the attention of the minister this evening. It is a matter that involves the Secretary of State, myself and the premier of Newfoundland, as well as the minister's department. I bring it to his attention at this time because I think the matter must be disposed of before we go further.

Perhaps I should lay a foundation for what I am about to say. As will be recalled, back in 1949 I brought forward a request for a wharf at Portugal Cove, and kept on bringing it forward each year. Finally this year we find in the estimates an item of $250,000 for the building of that wharf. The premier of Newfoundland disclosed on February 4 of this year that a wharf would be built, and made this statement:

> The agreement reached between the Department of Public Works in Ottawa and myself is that the government of Canada will build a new public wharf in Portugal Cove. This, needless to say, will be a very great improvement over the wharf presently there. At the head of this same wharf, the government of Newfoundland, under this agreement, would build a section to receive this ferry. The bow of the ferry is rounded, and she would fit snugly into the ferry section of the wharf.

In the Newfoundland provincial house a question was asked by the leader of the opposition, who is a member of the party to which I have the honour to belong. His question was this:

> What, if any, decisions have been arrived at by the government relative to:
>
> (a) the repair of said wharf, or
>
> (b) the construction of a new wharf.

The answer was this:

> While discussions have been held between the government of Newfoundland and the government of Canada, no final decision has been reached.

There is a question of principle involved in this matter, with which the names of the Secretary of State and myself are concerned. On January 16, referring to the same wharf, the premier of Newfoundland said:

> If there are new wharves in Bell island and Portugal Cove not Gordon Higgins will do it. Gordon Bradley, yes, but not Gordon Higgins. Any federal matter affecting Newfoundland, Gordon Higgins can talk till he is black, blue and red in the face and the man who will do it is the Secretary of State, the Liberal leader of Newfoundland, in the House of Commons, the Hon. Gordon Bradley.

And farther on he said:

> These things, my friends, will be done by Liberalism, federal Liberalism, provincial Liberalism.

I am quite certain in my own mind that the Secretary of State is not involved in this matter in any way. I feel certain he would not be a party to it. I just wish to have the assurance from the minister that the statement I have just read is incorrect. Moreover, I should like to have the details in the matter.

Mr. Fournier (Hull): I hope the hon. member does not expect me to contradict what a colleague of mine has said. I did not hear clearly what he did say as to what was reported.

Mr. Higgins: I was referring to a colleague of yours, to whom reference was made by the premier of Newfoundland.

Mr. Fournier (Hull): I was referring to the Secretary of State. The premier of Newfoundland is a friend of mine but, as yet, he is not a colleague. At page 416 of the estimates there is an item for wharf improvement and roadway approach at Portugal Cove. Now, let us start from the beginning of this story about Portugal Cove. Some years ago the hon. member asked me to build a wharf there to accommodate the ferry. My answer at the time was that ferries within the provinces were not under federal jurisdiction. I said that we were ready to repair and maintain wharves for the general public but, so far as ferries were concerned, within their autonomous powers the provinces should put up the wharves, or make a contribution to that work.

That was some years ago. I see now that we are getting close to an agreement whereby

the provinces will be pleased to co-operate in the establishment of a good wharf for this ferry service. That does not mean that we will not make some contribution. I suppose when the province is ready to do the work we shall make a contribution.

My information is that to date we are negotiating, and we are asking for this amount to pay our share of this work. As we look forward to the development of that new province I shall do my utmost to see that these negotiations reach a happy conclusion for the benefit of all. I am sure the hon. member would not want to draw me into some discussions which have taken place about Portugal Cove, or other places. He will realize that I have enough troubles.

I cannot add much to what has been said. The Department of Public Works does not keep in mind what Mr. So and So says politically in his province. We try to handle these matters for the good of the public, and in the public interest. That is our motto in the department—and without any public relations officers to do it, either.

Mr. Higgins: Perhaps we have not been here long enough to become familiar with the routine. I am only asking if it is a fact that if I, as an opposition member, make a request of the minister, it will be acceded to only if it is approved by the cabinet representative from Newfoundland.

Mr. Fournier (Hull): Oh, that is not the way I proceed. When I receive a request from the hon. member, or from any other hon. member opposite, I ask for reports from my officials. They are my close advisers, and they have quite a bit of knowledge in these matters. I get reports from them, and if I come to a decision I have to submit the matter to my colleagues if it is to be put in the estimates.

Mr. Brooks: There is where the catch is.

Mr. Fournier (Hull): When I am convinced that it is really something that should be done I put up a good fight with my colleagues to try to carry the day. That helps the person who made the request, the mayor of a town or any member who has a request to make. They know they are always welcome in my department. I do not know of any member who would stand up in the house and say that he had not received a cordial reception and had not obtained results in my department. That happens to be the case for all hon. members.

If you will give me a moment there is one project in which I am very much interested, the Pembroke bridge between the provinces of Ontario and Quebec. I happen to live in the district, and we have been working on it for years. We have almost come to an agreement with the province of Ontario. Not long ago I received a letter from the premier of Ontario stating that if we would draft an agreement they would be ready to put up the approaches on the Ontario side and the first span of the bridge from the mainland to the island. We would undertake the bridge between the two islands. I am expecting an answer to letters I have written to the other government involved. If I get a favourable answer from that other government we will sign the agreement and proceed with the work. That is probably what the hon. gentleman wanted to know. Never be bashful or shy with the Minister of Public Works if you think you are justified in making a request. You will always be well received, but do not ask me to do everything in the same year. I cannot.

Mr. Higgins: I do not think I can be accused of being bashful or shy. I have been asking for this project for nearly four years, and it is somewhat of a coincidence that it should be done this year and that this statement should be made. I certainly want to be sure that the wharf will be built.

Mr. Fournier (Hull): You are not sure that it is to be done right away. You do not mean you think it is going to be done right now.

Mr. Higgins: If the minister says he will do it, he will do it.

Mr. Fournier (Hull): I will do it if I come to an agreement. I have a certain amount of money at my disposal, but we do not rush into these things with closed eyes. When we make a deal with somebody we know what we are doing.

Mr. Higgins: May I ask the question once again. I do not want to upset the minister because he is the essence of good humour tonight, but following the explanation he has given me I am not quite certain yet whether Premier Smallwood is or is not correct. Would you say he is or is not? That is all I am asking.

An hon. Member: Oh, no.

Mr. Higgins: Oh, yes. I think it is a fair question.

Mr. Fournier (Hull): Do not ask me to explain the actions of everybody who has business with the Department of Public Works. I can explain my own actions to my satisfaction and probably to yours, but I cannot undertake to explain other people's. Do you know that there are people in this country interested in public works who know more about the job than I or my whole staff

do? I can show you files of letters from members in all parts of the house and people throughout the country. They know about construction work. Everybody has put up something at some time and they can tell me how it should be done. I have been at it for ten years; I do not know if I am a little dense or did not learn enough, but I get advice from all over the place and I become bewildered with some of the advice I receive, sometimes even from members of parliament.

Mr. Higgins: That is the grandest piece of shadow-boxing I ever saw. All the minister has to tell me is that he will not answer and I shall sit down.

Mr. Fournier (Hull): I will answer you anything you wish but do not make me answer something I do not know about. If you ask me why Mr. So and So said such a thing then I would not be prepared to answer because you would be putting me in the position of interpreting what he had said and giving my judgment on it.

Mr. Higgins: Let me put it to the minister once again so I will not be misunderstood. Premier Smallwood made the statement that any request that came from me for works to be done in my district would not be granted unless the Secretary of State agreed.

Mr. Fournier (Hull): I have put it clearly once. When you make a request to public works my engineer or my architect down there is the first man consulted. He investigates and looks over the situation and makes a report to my deputy and myself. We study it with the staff at headquarters. We make our decision one way or the other. If I need money to do the job I have to submit the matter to my colleagues. I cannot get a vote put in the estimates without the matter going before treasury board and the cabinet. If that is what is meant by saying that I am under the thumb of Mr. So and So in these things, well, I suppose I need cabinet authority to proceed. I do not think I can run the whole show myself, but beyond that I do not follow any other procedure. I can give the hon. member my word about that.

Mr. Higgins: Then it is the whole cabinet that decides the matter.

Mr. Fournier (Hull): Certainly.

Mr. Higgins: I can tell Premier Smallwood he is wrong.

Mr. Fournier (Hull): You can tell him what you please, but do not make me tell him.

Mr. Herridge: I have a suggestion or two to make to the minister, and I trust he will be patient with me for two or three minutes. Before doing so, I want to say that I know during my long experience of over forty years that the senior officials of the Department of Public Works have been held in very high respect in my district. I have personal knowledge throughout the years. I had some experience with the construction of wharves and docks before I was a member of parliament. I know the very unusual problems they have to deal with, legal questions and matters involving property, matters between individuals and communities and problems involving materials and labour. I have always found that they have dealt very fairly, and as a result they are held in high respect throughout the district. The people I represent appreciate very much the work being done by the Department of Public Works.

I might also say that the local staff, the foremen and those who do the repairing, are very good men indeed. The captains on the lakes appreciate very much indeed the close co-operation they get from the captain of the dredge with respect to the dredging of narrows, spots which become shallow after every high water and things of that sort.

I want to make one suggestion. In the postwar period a few small tenders have been let for the building of wharves and other structures running from $15,000 to $35,000 or $40,000. I think the department would have been well advised to have the work done by day labour under the supervision of their local staff. I brought this matter to the attention of the department on one or two previous occasions and I was informed that it was not the policy of the department. But I can give the minister one or two illustrations of cases—and it was not the fault of his officials or anyone in his department—where tenders were granted to people without experience and without the necessary capital. In addition they did not have a knowledge of the district and met unusual difficulties and circumstances. As a result one community waited two years to use a wharf after the contract was let because of delays occasioned by a contractor who did not have sufficient capital and experience to proceed with the work properly.

The local foremen and the small skeleton crew you have would also be provided with permanent employment. It is becoming increasingly difficult to get skilled men for this type of work. Twenty or thirty years ago you could get axe men, men used to building wharves, driving piles and things of that sort, but today you cannot. Men accustomed to that type of work are getting scarcer and scarcer. I suggest it would be good policy on the part of the department to build some of these smaller structures, say from $60,000 down, by day labour and keep their permanent men employed. I am quite sure they would

save money by doing so. These men not only have a knowledge of local conditions and water levels and a knowledge of local people enabling them to secure the best labour available, but they also know how to assemble materials. I have known of cases where the building of wharves was delayed by from a year to eighteen months because lumber could not be obtained, or a contract had been let to someone to supply material and they had failed to deliver, or cedar logs could not be obtained under contract from certain logging companies or individuals, or piles could not be purchased.

The local men employed by the department have full knowledge of all these things. They know where all the stands of timber are. They know the people who can supply timber quickly. They know where it is required and they know the best place to order from to get delivery at the lowest possible cost. I do suggest, Mr. Chairman, that the department and the minister would be well advised to give consideration under certain circumstances, such as I have mentioned, to the building of some of these projects in that way. I am thinking, for instance, of the Arrowhead wharf for which, I understand, the figure is some $57,000.

They have had considerable experience in driving piles, building wharves and so on, and I think that wharf could be most economically built by day labour under the supervision of your senior and local officials. You would be sure of getting materials on the job, and that the wharf would be completed in a certain definite period.

I make those suggestions as a result of my personal experience, and I would ask the minister to give them his consideration.

Mr. Fournier (Hull): There is a lot of truth in what the hon. gentleman says; but we could not take many of these works by day labour because we have not the staff. We would have to increase our staff to a figure far beyond that which we actually have; and there is always the danger, if we delegate our authority, of going beyond what the statute authorizes, and then I would be blamed. For instance, Mr. So and So could make this lumber during the season and we might make a contract with him to have the lumber delivered on the spot for such and such a date, but I would feel that under section 36 of the act I would not be authorized to do that.

True, there is delay in our department because of the act, but by following the act everyone is protected. We have many revotes. If you will look at the figures for the province of British Columbia in the present estimates you will see a great many revotes. You will find about 30 of them, but there are actually some 19 projects that are proceeding at the present time. I think the statute is about the best control and protection that the finance department, the treasury board and the comptroller of the treasury have over a spending department.

Mr. Macdonnell (Greenwood): You owe it all to us.

Mr. Fournier (Hull): This is a spending department. We are asking for $120 million this year to be spent in different parts of the country, and I am in favour of these controls. If I were in the opposition and somebody tried to get out of these controls probably I would be quite outspoken about it. We have a certain reputation in the department and we do not want to lose it, at least I do not want to lose it while I am there. However, I shall take into consideration the remarks that have been made.

(Translation):

Mr. Robichaud: Mr. Chairman, I know that the hon. Minister of Public Works (Mr. Fournier) would be surprised and might blame me if I did not, tonight, reiterate the plea I have been making ever since my election to the House of Commons in favour of Gloucester county.

First, I must say to the minister that I have greatly appreciated the courtesy he has always shown me and my requests have been numerous; in some instances I even went to knock at his door and I was always well received. Unfortunately, last week *Le Droit* announced that he may abandon his present portfolio—

Mr. Fournier (Hull): Do not believe everything you read in the papers.

Mr. Robichaud: —to accept a higher appointment. I deeply regret this mention that has been made of the possibility that he may leave the Department of Public Works to sit on the bench of the exchequer court.

I would not like to repeat, tonight, the long list of works that are needed in my constituency and to which I have already drawn the minister's attention, by letter or otherwise. That would entail a great deal of repetition and I will try to be as brief as possible. However, there are some which I cannot help mentioning tonight.

In view of the new mining developments which have proved very important in the county of Gloucester, certain public works are urgently needed in the Bathurst district for the development of the Bathurst harbour, that

is, dredging and construction works. The minister should not be surprised to learn that Bathurst, our county town, has no public wharf. Some years ago, there was a bit of a wharf that we used to call the public wharf, but it was first damaged and afterwards carried away by the currents on the Nipisiguit river; consequently, our county town has no public wharf at the present time. That is why I am of the opinion that the time has come to stress the need and the necessity of building a public wharf at Bathurst, as well as of carrying out important dredging operations at the entrance to our harbour, as well as inside it.

Still on the subject of these mining developments, I might say that I know that the companies involved are looking for deep water harbours suited to the shipping of iron ore. I have already pointed out to the minister the need of looking into the possibilities of the Point Marcel and Shippigan harbours.

Last February I asked a question with regard to the harbour at Tracadie. In his answer the Minister of Public Works informed me that the breakwater on the gully and the dredging of the harbour at Tracadie had cost, up to now, $325,092.69. The minister's department has spent a considerable amount of money on the development of this harbour since 1930 but, as he already knows, the breakwaters are just about destroyed and the gully, as it is called, is almost entirely choked by quicksand and is therefore of no practical use whatever. So that, in spite of this outlay of more than $325,000 which has been made over the last twenty years, the harbour should be dredged and the breakwaters reconstructed. I know that the hon. minister instructed his officers, this winter, to study the situation of the gully and of the harbour at Tracadie.

In closing my remarks, I venture to ask him whether he has received a report on this subject and whether we may expect his department to provide the money necessary for the reconstruction of these breakwaters and the dredging of Tracadie harbour.

Mr. Fournier (Hull): Mr. Chairman, in reply to the hon. member's first question, I must say that I have not yet seen the report in question, but that I shall study it closely as soon as it comes before me for consideration.

Secondly, I cannot reveal the government's intentions beforehand, because the estimates are never disclosed in advance. Besides, I have already explained that the cabinet must first approve the recommendations of each department with regard to their respective estimates. Thus, it remains for the hon. member, as well as for myself, to hope that the government will consider these recommendations favourably, but there is nothing to be done before we have received and studied the report here in Ottawa.

(Text):

Mr. Noseworthy: Mr. Chairman, I wonder if the minister would give me a little information on a point about which I am quite interested, since he is so good-natured tonight.

In looking through his estimates I notice that his employees are classified as permanent, temporary and casual. I notice that there are approximately 6,000 temporary and about 1,800 permanent employees. I have totalled the numbers listed as temporary and permanent in order to arrive at those figures. What I would like to know is just why you have that difference between approximately 6,000 temporary and 1,800 permanent employees.

First of all, why is there such a difference? Second, I would like to know the conditions which determine when an employee becomes permanent. I have cases of people who have been working a considerable number of years in the department, and they are still temporary. As a matter of fact, I should like to know who has the final say as to when one becomes permanent. I have one case of a veteran with a number of years of service, who was recommended for permanency by his department. He was recommended by the civil service commission; nevertheless he was retired and did not get his permanency. All I could find out was that someone somewhere had held it up. What is the story about these temporary and permanent employees?

Mr. Fournier (Hull): It is quite a story. You generally come into the service through the civil service commission. You are on the eligible list, and when a request is made by a department the first person on the list is probably sent over by the civil service commission. The commission issue their certificate and the person goes to the department. For the first six months he is on a trial basis. As time goes on he gets experience and one day, if we find we are not over our quota of permanent positions, we recommend that this gentleman become permanent.

This recommendation goes to the civil service commission and they inquire into the functions and work of this gentleman. They compare our permanent and temporary

establishments, and if the commission recommends him that recommendation goes to the treasury board. The treasury board has a set of principles and regulations dealing with those cases. When the treasury board decides that a man meets all the conditions requisite to becoming permanent, and the department is within the establishment of permanent positions, he may or may not become a permanent employee.

There is not so much difference now between permanent and temporary employees. Even temporary employees, in certain instances, come under the superannuation act, and they are entitled to nearly all the same privileges. As Minister of Public Works I am ready to give any explanation for nearly any department of which I have knowledge, but this matter would probably come under the Minister of Finance or the Secretary of State. The minister who represents the civil service commission in this house would probably give a full explanation. I have given it to you as I understand it in my own department; I think that is the way it operates.

Mr. Noseworthy: The minister mentioned the number of permanent employees to which his department is entitled. Can he give me any information as to how, for instance, you arrive at the number of permanent employees to which that department is entitled?

Mr. Fournier (Hull): I am speaking only from memory, but I do not think there is any branch of the department in which more than 75, 80 or 85 per cent of the employees are permanent. The others would be temporary. As vacancies come along probably these temporaries become permanent, and they are replaced by other temporaries.

Mr. Macdonnell (Greenwood): Mr. Chairman, as I listened with fascination to the minister brushing aside our questions and mesmerizing us in his inimitable way, I was reminded of an experience I had many years ago. I met an old Tory friend of mine coming home from a meeting at which Sir Wilfrid Laurier spoke in Toronto. I thought something had happened to him, and I asked him about the speech. He said it was a great speech, so I asked him what it was all about. He said, "I do not know what it was about, but it was like a poem, and I have been seeing visions". After listening to the minister for a while I am in something like that state.

I do want to come back to earth and ask the minister one or two questions. The point I am going to raise was raised before, but I am going to suggest to the minister that he did not deal with it as fully as he might have. There is a sentence in the report from the other place, to which the member for Vancouver-Quadra referred, concerning the practice of other departments by-passing the Department of Public Works and building up little public works branches of their own. I am very interested in that because the minister replied to that, as I understand him, by saying that the Department of Public Works was the servant of the other departments and did work for them. I also understood him to say they were not going to be too small-minded if they found other departments setting up in business for themselves.

I am small-minded about that. I want to know why they are doing it. I am going to read to the minister some of the figures for the competing departments, which appear to be waxing in size.

Mr. Fournier (Hull): May I interrupt for just a moment? I am ready to listen and answer all questions if they relate to my department. However, if this matter relates to some other departments I think the hon. gentleman would be well advised to ask the ministers concerned. I have had questions asked about the civil service, and if there are questions concerning my colleagues I would rather have you ask these other gentlemen.

Mr. Macdonnell (Greenwood): There is nothing I like better than to oblige the minister, but I believe this matter is closely related to public works. We really have to have a beginning, otherwise when we get to the other departments they will say we should have asked the Department of Public Works. We have had that experience before. The reason I think this is related to public works is that after all we start—I am almost quoting the minister—from the proposition that public works is public works and it has a quota of engineers, draftsmen and technicians. It is not so many years ago that this department looked after public works almost exclusively.

We realize that when the war came there was a sudden growth in all kinds of undertakings. I would think it would be quite reasonable then that other departments would inevitably embark on enterprises of their own. We are now eight years after the war, however, although we have a kind of lukewarm war in the offing; nevertheless I want to seriously ask the minister—I think he can tell us—just what has come to pass. Where does the Department of Public Works come in? What has come to be the limitation of the functions of public works? I want to remind the minister—I shall make it quite brief

because I know he would like to get through by ten o'clock if he could— of the staffs that are being built up elsewhere. I have some of the figures here, and I will give him a little summation of the architects in the various departments. The army, navy and air force have 15; the Department of Agriculture has 5; citizenship and immigration has 3—they are not up with the procession yet— the Department of External Affairs has only 1; justice has 5. Now, that interests me a great deal. Why does the Department of Justice need five architects? The minister will tell me later.

Mr. Fournier (Hull): Is that in your budget speech?

Mr. Macdonnell (Greenwood): I am just taking these figures from an authoritative source; they are quite accurate. The Department of Labour has 1 architect; the Department of National Health and Welfare has 1; the Department of Public Works has 32. That seems reasonable, at any rate, for the Department of Public Works should have far more than any other department. I should like the minister to feel that I am very interested in this, and I think it is important. I believe we are entitled to have his serious consideration of this problem. We all know how easily it can happen that as soon as you have a new little kingdom set up, the king wants to have as many subjects as possible; that is just human nature.

I do not want to be tiresome, but I am very anxious to find out about this. I want the minister to give us his view as to what are the limitations, where we come to the end of public works and their duties and where the other people step in. For example, let us take the Department of Justice. It is hard for me to understand why the Department of Justice wants 5 architects. Perhaps we could take that as a sample and go on from there. Again I say to the minister that I feel this is a reasonable question to ask because I believe that there is developing a situation where, as the serious committee in the other place says, the growing practice of building up little public works branches of their own should cease. These are responsible men. Some of them have had long experience in this house, certainly much more than I have had. These responsible men say that this practice should cease and that all such work should be placed in charge of the public works department where the law intended it should be.

That is a strong statement. That statement was not made twenty years ago; it was made in 1952, last year. There you have the considered statement of responsible people, presided over by Senator Crerar, a former minister of the crown. He makes that statement. It must be answered. In the face of that I have read this list as long as your arm of architects setting up in business in all kinds of departments. As I say, every one who knows anything about organization of any kind knows that just as soon as you set up a new little bailiwick, you have a man who wants to add to it. He does not want to keep down staff, he wants to add to it; and his importance will be regulated to some extent not by the smallness of his staff but by the largeness of it.

Mr. Fournier (Hull): Mr. Chairman, I have listened with great attention to what has been said, and I read some time ago those figures given by the hon. gentleman—

Mr. Macdonnell (Greenwood): They are the same figures.

Mr. Fournier (Hull): —in his speech. I cannot remember them all as he has just read them, but let us just take the 5 in the Department of Justice. Those are the architects that look after the penitentiaries under the Minister of Justice. I am not too sure of this, but I think under the Penitentiary Act they have the control of their buildings. They have to maintain them, repair them and rebuild them. I did not invent this procedure. This is probably an exception to the Public Works Act. If hon. gentlemen opposite are against that system, when there is any question as to penitentiaries they can get their information from the proper minister.

If the hon. gentleman speaks of the Department of Transport, where they have 15 architects, may I say that, for all the airports and all the works they have under their department, they have exclusive jurisdiction. Under my act I cannot go in and say, "Stop that building at Goose Bay" or at Gander, that I am going to put up those buildings. When my estimates are being considered and when I am ready to justify what we are doing under our act, I do not think that is the time I should be charged with all the sins of Israel, if hon. gentlemen think any sins are being committed.

Mr. Macdonnell (Greenwood): I am not charging sins. I am just asking questions.

Mr. Fournier (Hull): When the estimates of these departments come before the committee these matters can be discussed. If the hon. gentleman does not like the 16 architects in the Department of National Defence, the time to discuss that matter is when the estimates of the Department of National Defence are being considered. We have never had in public works responsibility for buildings for operation under national defence. They have always had authority under their own act.

Mr. Fleming: Is the minister inviting the hon. member for Greenwood to make the same speech in connection with every department?

Mr. Fournier (Hull): Not while I am leader of the house. But I am trying to give an explanation which is the real explanation. In that other place there was a committee which said that public works should have all these works done. That is a noble sentiment. I am flattered that they have such great confidence in the public works department, but do not ask me to be responsible for all these amendments to all these acts giving jurisdiction and power to other departments. This is one place where you cannot say that the Minister of Public Works is of a grasping nature. Let somebody else do some work.

In many instances they are justified. I can mention one department in which they have only a few architects, namely in connection with the construction of hospitals. If they did not have two or three experts in those matters we would have to increase our own staff and have those experts. There is therefore some justification for the system. You cannot say that the system is absolutely wrong. Although I would appreciate having all the works under my department, and would perhaps feel more important than I do right now, I am just trying to discuss the department and the act under which we operate. I think that up until now we have done our best. I do not know whether or not it is good enough for the opposition, but it is the best we can do.

(Translation):

Mr. Brisson: Mr. Chairman, never in all its history has the county of Saguenay received such readily understood or such well deserved attention. Since 1949—and I include here the moneys provided in the current estimates—the Department of Public Works will have built or rebuilt in the county of Saguenay, 16 wharves, that is those at Tadoussac, les Bergeronnes, Les Escoumains, Sault au Mouton, Forestville, Colombier, Ragueneau, Baie Comeau, Seven Islands, Havre St. Pierre, Natashquan, Tabatière, St. Augustin and Blanc Sablon.

If I add to that the sums that have been spent since 1949 and which will be spent during the next fiscal year, on dredging operations and construction of retaining walls, plus those that the architect's division has earmarked for the construction of new post office and unemployment insurance buildings, and which it will spend for these purposes, you will realize that I am right in saying that the constituency of Saguenay has received from the Department of Public Works well deserved attention.

Such being the facts, I feel it to be my duty, on behalf of my constituents, to thank the Minister of Public Works (Mr. Fournier) for his loyal co-operation.

I wish to thank the minister, but he will understand that in doing so I cherish the hope of getting again millions of dollars worth of public works for Saguenay county. The sea is the principal means of transportation by which the people of the county get their supplies and ship their raw materials.

May I draw your attention to the case of Shelter Bay? It seems to me that with the co-operation of the Quebec North Shore Company, the provincial government and the federal public works department, it should be possible to build a wharf suited to the needs of these people.

I do not need to mention here all the other projects that will have to be carried out in the future in Saguenay county, since I have already had the opportunity of making them known to the minister. I am confident that he will give them his kindest consideration.

(Text):

The Chairman: Shall the item carry?

Mr. McLure: No. I want to say something, but it is ten o'clock. I would ask that you report progress.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we shall move to go into supply, call two departments —national defence and national health and welfare—then proceed with public works and then with citizenship and immigration.

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

HOUSE OF COMMONS

Wednesday, April 8, 1953

The house met at 2.30 p.m.

QUESTIONS

CANADIAN FORCES, EUROPE—PURCHASES OF FARM PRODUCTS

Mr. Diefenbaker:

What is (a) the value; (b) the quantity of (i) bacon; (ii) cheese; (iii) eggs; (iv) other farm products, which have been respectively purchased from, or secured from the British European supply lines and the American supply lines for the 27th Canadian infantry brigade and the Royal Canadian Air Force air division, during the last six months?

Mr. Blanchette:

Cost of rations obtained from British and American European supply lines are based on an agreed rate for each man per day. Consequently, Department of National Defence records do not show the value of total quantities of foodstuffs received. The following information has been supplied by the appropriate British and American authorities.

(a) Issued to 27 CIB in Europe from British supply installations during the period July 1952-January 1953 inclusive:

	Value	Qty.
Bacon, mild cured	$46,162.09	119,300 lbs.
Bacon, tinned	1,506.28	2,892 lbs.
Cheese, crated ...	8,598.06	31,867 lbs.
Cheese, tinned ...	948.42	2,838 lbs.
Eggs	42,288.69	1,032,316 units

(b) Issued to the R.C.A.F. air division in Europe from U.S. supply installations during the period July 1952-January 1953, inclusive:

	Value	Qty.
Bacon	$2,654.18	6,169 lbs.
Cheese	517.00	1,150 lbs.
Eggs	6,924.63	174,168 units

NATIONAL DEFENCE, RECRUITING—ADVERTISING EXPENDITURES

Mr. Argue:

How much did the Department of National Defence in 1952 pay for advertising in connection with recruiting campaigns to each of the following: Ronalds Advertising Agency, Ltd., Montreal, MacLaren Advertising Company, Ltd., Toronto, Walsh Advertising Company, Ltd., Windsor, Ontario, J. J. Gibbons Ltd., Regina, Stewart Lovick, Calgary, MacLaren Advertising Company, Ltd., Vancouver, MacLaren Advertising Company, Ltd., Winnipeg?

Mr. Blanchette: No payments are made by the Department of National Defence to advertising agencies for placing advertising.

The agencies derive their revenue from commissions paid to them by newspapers, magazines, other periodicals, and radio and television stations which publish or broadcast the advertising material. For bookkeeping purposes, payment of funds owing to periodicals and to radio stations is in most cases made through the advertising agency concerned, which then remits the amount concerned to the publication or the broadcasting company.

Following is a summary of payments made through advertising agencies for recruiting advertising during the calendar year 1952:

Advertising Agency	Amount	Total
Ronalds Advertising Agency Ltd.	$752,917.38	
	17,568.57	$ 770,485.95
MacLaren Advertising Co. Ltd.		696,385.46
Walsh Advertising Co. Ltd. (for advertisements in the French language publications and broadcasts are placed through Yves Bouressa, Montreal director)		698,150.83
J. J. Gibbons Ltd.	142.19	
	6,795.99	
	1,265.96	
	7,733.72	
	7,167.24	23,105.10
James Lovick & Co.	944.33	
	3,852.28	4,796.61
		$2,192,923.95

Questions

CHARLOTTETOWN, P.E.I., ARMOURIES

Mr. MacLean (Queens):

1. When were the armouries in Charlottetown, Prince Edward Island, built?
2. When was the last major addition built to such armouries?

Mr. Blanchette:

1. No information.

2. No major addition has been made in recent years but the armoury has been kept in good repair and, from time to time, additional facilities have been provided to keep it up to standard. For instance, in 1950 prefabricated storage sheds were added, in 1951 a new heating system was installed and in 1952 the roof was renewed.

CIVIL SERVICE SALARIES

Mr. Knowles:

1. How many permanent civil servants are employed in each of the following annual salary brackets: (a) less than $1,860; (b) $1,860 to $2,240; (c) over $2,240 to $2,480; (d) over $2,480 to $2,780; (e) over $2,780 to $3,130; (f) over $3,130 to $3,480; (g) over $3,480 to $3,830; (h) over $3,830 to $4,860; (i) over $4,860 to $6,860; (j) over $6,860?

2. How many temporary civil servants are employed in each of the following annual salary brackets: (a) less than $1,860; (b) $1,860 to $2,240; (c) over $2,240 to $2,480; (d) over $2,480 to $2,780; (e) over $2,780 to $3,130; (f) over $3,130 to $3,480; (g) over $3,480 to $3,830; (h) over $3,830 to $4,860; (i) over $4,860 to $6,860; (j) over $6,860?

3. How many seasonal civil servants are employed in each of the following salary brackets: (a) less than $1,860; (b) $1,860 to $2,240; (c) over $2,240 to $2,480; (d) over $2,480 to $2,780; (e) over $2,780 to $3,130; (f) over $3,130 to $3,480; (g) over $3,480 to $3,830; (h) over $3,830 to $4,860; (i) over $4,860 to $6,860; (j) over $6,860?

Mr. Lesage:

1 and 2.

With the consent of the hon. member, the following salary brackets are substituted for those asked in the question, as the records of the treasury board are maintained in such a manner as to provide these brackets more readily.

Annual salary	As at February 28, 1953 (1)	(2)
$ 0-1,799	1,193	14,269
1,800-1,899	225	2,609
1,900-1,999	98	1,445
2,000-2,099	412	3,908
2,100-2,199	881	3,953
2,200-2,299	1,593	5,956
2,300-2,399	520	2,326
2,400-2,499	5,004	7,196
2,500-2,599	1,549	2,789
2,600-2,699	1,895	2,607
2,700-2,799	5,671	2,927
2,800-2,899	3,954	1,050
2,900-2,999	3,346	1,759
3,000-3,099	1,438	755
3,100-3,199	7,065	1,417
3,200-3,299	901	717
3,300-3,399	1,971	508
3,400-3,499	3,302	644
3,500-3,599	576	381
3,600-3,699	1,799	437
3,700-3,799	868	360
3,800-3,899	1,119	412
3,900-3,999	585	147
4,000-4,099	740	212
4,100-4,199	721	229
4,200-4,299	931	281
4,300-4,399	567	97
4,400-4,499	409	123
4,500-4,599	552	90
4,600-4,699	446	101
4,700-4,799	450	30
4,800-4,899	687	149
4,900-4,999	164	65
5,000-5,099	280	28
5,100-5,199	314	61
5,200-5,299	599	54
5,300-5,399	174	20
5,400-5,499	67	23
5,500-5,599	344	84
5,600-5,699	135	12
5,700-5,799	68	4
5,800-5,899	89	33
5,900-5,999	275	50
6,000-6,099	38	14
6,100-6,199	59	14
6,200-6,299	170	42
6,300-6,399	38	12
6,400-6,499	65	15
6,500-6,599	173	25
6,600-6,699	46	13
6,700-6,799	11	7
6,800-6,899	49	16
6,900 and over ..	671	170

Note: The offices of the treasury board do not maintain individual records of employment for prevailing rate employees. The needs of the service generally are met by the maintenance of records indicating the rate applicable to each prevailing rate class by location and total numbers employed as well as total earnings by department.

3. At the present time, federal government seasonal employment is at a low point. Complete records with respect to summer seasonal employment will not be available for several months.

MILITARY COLLEGE, ST. JEAN—SELECTION BOARD

Mr. Balcer:

1. Has a selection board been established for the military college at St. Jean?
2. If so, what are the names of its members?
3. What are their qualifications?

Mr. Blanchette:

1. Candidates for admission to the service colleges or the regular officer training plan

this year will each appear before one of six interview boards to be held at Halifax, Montreal, Toronto, Winnipeg, Edmonton and Vancouver. Members of these boards are appointed each year and consist of an officer from each service and a faculty member from one of the service colleges. Arrangements are made to interview candidates in either French or English.

The recommendations are forwarded to the joint services university Canadian services colleges committee at national defence headquarters for review.

After consideration, the recommendations are passed to the personnel members committee who select the most highly qualified candidates to fill the limited number of available vacancies. The decision of P.M.C. is passed to the Minister of National Defence for final approval.

2 and 3. The members are: A/V/M F. G. Wait (the air member for personnel), Maj.-Gen. W. H. S. Macklin (the adjutant general), Maj.-Gen. P. E. Bernatchez (G.O.C. Quebec command who is added to the committee when it sits to select candidates for the service colleges), Rear Admiral H. Pullen (chief of naval personnel), Mr. J. A. Sharpe (assistant deputy minister for personnel and administration) and Mr. E. B. Armstrong (assistant deputy minister for finance).

ROYAL CANADIAN MOUNTED POLICE CARS

Mr. MacLean (Queens):

1. How many miles are cars supplied to the Royal Canadian Mounted Police generally driven before they are replaced?
2. Is this policy the same as that which obtains in other departments of government?

Mr. Garson:

1. In the past year cars supplied to the Royal Canadian Mounted Police have been driven an average total of 74,039 miles before being replaced.

2. Generally speaking, yes. The policy of replacement is that cars are to be driven 100,000 miles, but replacement prior to that mileage is left to the discretion of the government motor vehicles committee as a matter of administration.

BARRISTERS, ETC.—FEES PAID

Mr. Diefenbaker:

What are the names and addresses of the barristers, solicitors and advocates to whom fees in excess of $5,000 have been paid, and the amount paid to each of them respectively, by all departments of government, since the first day of January, 1951?

Mr. Garson: Mr. Speaker, I have been speaking to my hon. friend the member for Lake Centre regarding this question and I think we can secure the information which will serve his purpose with the expenditure of very much less time and effort if the question is reworded as follows:

What are the names and addresses of barristers, solicitors, and advocates to whom each department of the federal government has paid fees in excess of $1,000, showing the amount paid to each of them by the respective departments?

Mr. Diefenbaker: I accept that.

Mr. Speaker: Question 32 will be reworded and will stand.

TRANS-CANADA AIR LINES—
MONTREAL-ST. JOHN'S

Mr. Higgins:

1. What was the average number of passengers carried daily by Trans-Canada Air Lines with North Star equipment, since the daily service was inaugurated on April 27, 1952, between Montreal and St. John's, Newfoundland?
2. What has been the average number of passengers carried daily by the two daily DC-3 flights between Montreal and Newfoundland?

Mr. McIlraith: Mr. Speaker, it is not possible to answer this question in its present form. There is a good deal of information available on the subject and I have given that information to the hon. member; but because of the difficulty of getting information in the precise form asked for I would ask that the question be dropped.

Some hon. Members: Agreed.

Mr. Speaker: Dropped.

AIRCRAFT APPLIANCES & EQUIPMENT LIMITED

Mr. Croll:

1. Is Aircraft Appliances & Equipment Limited, 71 Kipling ave., S., West Toronto, engaged in defence work?
2. If so, approximately how many employees are engaged substantially in production for defence and approximately what percentage of the output of this plant is for defence?
3. Has an application been made to the Minister of Defence Production for certification of this plant, in whole or in part, as a defence plant within the meaning of the National Housing Act?

Mr. Dickey:

1. Yes.

2. (a) Approximately 25; (b) 100 per cent.

3. No.

CANADIAN STEEL IMPROVEMENTS LIMITED

Mr. Croll:

1. Is Canadian Steel Improvements Limited, 41 Horner avenue, Toronto, engaged in defence work?
2. If so, approximately how many employees are engaged substantially in production for defence and approximately what percentage of the output of this plant is for defence?
3. Has an application been made to the Minister of Defence Production for certification of this plant, in whole or in part, as a defence plant within the meaning of the National Housing Act?

Questions

Mr. Dickey:

1. Yes.

2. (a) Approximately 350; (b) 100 per cent.

3. No.

CANNON ELECTRIC (CANADA) LIMITED

Mr. Croll:

1. Is Cannon Electric (Canada) Limited, 2451 Danforth avenue, Toronto, engaged in defence work?

2. If so, approximately how many employees are engaged substantially in production for defence and approximately what percentage of the output of this plant is for defence?

3. Has an application been made to the Minister of Defence Production for certification of this plant, in whole or in part, as a defence plant within the meaning of the National Housing Act?

Mr. Dickey:

1. Yes.

2. (a) Approximately 130; (b) 100 per cent.

3. No.

D. R. CLARKE ENGINE CO. LTD.

Mr. Croll:

1. Is D. R. Clarke Engine Company Limited, 2462 Dufferin street, Toronto, engaged in defence work?

2. If so, approximately how many employees are engaged substantially in production for defence and approximately what percentage of the output of this plant is for defence?

3. Has an application been made to the Minister of Defence Production for certification of this plant, in whole or in part, as a defence plant within the meaning of the National Housing Act?

Mr. Dickey:

1. Yes.

2. (a) Approximately 40.
(b) Approximately 90 per cent.

3. No.

CROTHERS ENGINEERING LIMITED

Mr. Croll:

1. Is Crothers Engineering Limited, 1181 Sheppard avenue, Toronto, engaged in defence work?

2. If so, approximately how many employees are engaged substantially in production for defence and approximately what percentage of the output of this plant is for defence?

3. Has an application been made to the Minister of Defence Production for certification of this plant, in whole or in part, as a defence plant within the meaning of the National Housing Act?

Mr. Dickey:

1. Yes.

2. (a) Approximately 148.
(b) Approximately 60 per cent.

3. No.

DOWTY EQUIPMENT OF CANADA LIMITED

Mr. Croll:

1. Is Dowty Equipment of Canada Limited, Ajax, engaged in defence work?

[Mr. Croll.]

2. If so, approximately how many employees are engaged substantially in production for defence and approximately what percentage of the output of this plant is for defence?

3. Has an application been made to the Minister of Defence Production for certification of this plant, in whole or in part, as a defence plant within the meaning of the National Housing Act?

Mr. Dickey:

1. Yes.

2. (a) Approximately 284.
(b) 100 per cent.

3. Yes.

GRAHAM BELL ENAMELLING LIMITED

Mr. Croll:

1. Is Graham Bell Enamelling Limited, Streetsville, engaged in defence work?

2. If so, approximately how many employees are engaged substantially in production for defence and approximately what percentage of the output of this plant is for defence?

3. Has an application been made to the Minister of Defence Production for certification of this plant, in whole or in part, as a defence plant within the meaning of the National Housing Act?

Mr. Dickey:

1. Yes.

2. (a) Approximately 60.
(b) Approximately 70 per cent.

3. No.

T. W. HAND FIREWORKS CO. LTD.

Mr. Croll:

1. Is T. W. Hand Fireworks Company Limited, Cooksville, engaged in defence work?

2. If so, approximately how many employees are engaged substantially in production for defence and approximately what percentage of the output of this plant is for defence?

3. Has an application been made to the Minister of Defence Production for certification of this plant, in whole or in part, as a defence plant within the meaning of the National Housing Act?

Mr. Dickey:

1. Yes.

2. (a) Approximately 140.
(b) Approximately 74 per cent.

3. No.

INAERCO LIMITED

Mr. Croll:

1. Is Inaerco Limited, 10 Sword street, Toronto, engaged in defence work?

2. If so, approximately how many employees are engaged substantially in production for defence and approximately what percentage of the output of this plant is for defence?

3. Has an application been made to the Minister of Defence Production for certification of this plant, in whole or in part, as a defence plant within the meaning of the National Housing Act?

Mr. Dickey:

1. Yes.

2. (a) Approximately 35.
(b) Approximately 78 per cent.

3. No.

KENTING AVIATION LIMITED

Mr. Croll:

1. Is Kenting Aviation Limited, 1450 O'Connor drive, Toronto, engaged in defence work?
2. If so, approximately how many employees are engaged substantially in production for defence and approximately what percentage of the output of this plant is for defence?
3. Has an application been made to the Minister of Defence Production for certification of this plant, in whole or in part, as a defence plant within the meaning of the National Housing Act?

Mr. Dickey:

1. Yes.
2. (a) Approximately 32.
   (b) Approximately 80 per cent.
3. No.

LAKESHORE PRECISION GAUGE WORKS LTD.

Mr. Croll:

1. Is Lakeshore Precision Gauge Works Limited, 100 Niagara street, Toronto, engaged in defence work?
2. If so, approximately how many employees are engaged substantially in production for defence and approximately what percentage of the output of this plant is for defence?
3. Has an application been made to the Minister of Defence Production for certification of this plant, in whole or in part, as a defence plant within the meaning of the National Housing Act?

Mr. Dickey:

1. Yes.
2. (a) Approximately 40.
   (b) 100 per cent.
3. No.

PEERLESS ENGINEERING LTD.

Mr. Croll:

1. Is Peerless Engineering Limited, 132 Brandon avenue, Toronto, engaged in defence work?
2. If so, approximately how many employees are engaged substantially in production for defence and approximately what percentage of the output of this plant is for defence?
3. Has an application been made to the Minister of Defence Production for certification of this plant, in whole or in part, as a defence plant within the meaning of the National Housing Act?

Mr. Dickey:

1. Yes.
2. (a) Approximately 75.
   (b) Approximately 88 per cent.
3. No.

PHOTOGRAPHIC SURVEY CORPORATION LTD.

Mr. Croll:

1. Is Photographic Survey Corporation Limited, 1450 O'Connor drive, Toronto, engaged in defence work?
2. If so, approximately how many employees are engaged substantially in production for defence and approximately what percentage of the output of this plant is for defence?
3. Has an application been made to the Minister of Defence Production for certification of this plant, in whole or in part, as a defence plant within the meaning of the National Housing Act?

Mr. Dickey:

1. Yes.
2. (a) Approximately 100.
   (b) Approximately 65 per cent.
3. No.

PRENCO PROGRESS ENGINEERING CORPORATION LTD.

Mr. Croll:

1. Is Prenco Progress Engineering Corporation Limited, 72 Stafford street, Toronto, engaged in defence work?
2. If so, approximately how many employees are engaged substantially in production for defence and approximately what percentage of the output of this plant is for defence?
3. Has an application been made to the Minister of Defence Production for certification of this plant, in whole or in part, as a defence plant within the meaning of the National Housing Act?

Mr. Dickey:

1. Yes.
2. (a) Approximately 65.
   (b) Approximately 80 per cent.
3. No.

TORONTO ENGINE WORKS LTD.

Mr. Croll:

1. Is Toronto Engine Works Limited, 2 Laird drive, Toronto, engaged in defence work?
2. If so, approximately how many employees are engaged substantially in production for defence and approximately what percentage of the output of this plant is for defence?
3. Has an application been made to the Minister of Defence Production for certification of this plant, in whole or in part, as a defence plant within the meaning of the National Housing Act?

Mr. Dickey:

1. Yes.
2. (a) Approximately 35.
   (b) Approximately 87 per cent.
3. No.

X-RAY AND RADIUM INDUSTRIES LTD.

Mr. Croll:

1. Is X-Ray and Radium Industries Limited, 261 Davenport road, Toronto, engaged in defence work?
2. If so, approximately how many employees are engaged substantially in production for defence and approximately what percentage of the output of this plant is for defence?
3. Has an application been made to the Minister of Defence Production for certification of this plant, in whole or in part, as a defence plant within the meaning of the National Housing Act?

Mr. Dickey:

1. Yes.
2. (a) Approximately 30.
   (b) Approximately 60 per cent.
3. No.

Questions

PHOENIX ENGINEERED PRODUCTS LTD.

Mr. Croll:

1. Is Phoenix Engineered Products Limited, 750 Lawrence avenue, Toronto, engaged in defence work?
2. If so, approximately how many employees are engaged substantially in production for defence and approximately what percentage of the output of this plant is for defence?
3. Has an application been made to the Minister of Defence Production for certification of this plant, in whole or in part, as a defence plant within the meaning of the National Housing Act?

Mr. Dickey:

1. Yes.
2. (a) Approximately 360.
   (b) Approximately 95 per cent.
3. No.

WHEAT, NO. 6 AND FEED

Mr. Ross (Souris):

What number of bushels of No. 6 wheat and what number of bushels of feed wheat, in each of the crop years 1950-51 and 1951-52, each listed separately, were purchased by all elevator companies in western Canada from the farmers at country elevator points?

Mr. McIlraith:

Grades*	1950-51	1951-52
No. 6 ...	47,305,826-30	31,633,868-05
Feed ...	29,903,290-20	6,951,784-30

* Includes straight grades, toughs, damps and all other off grades of No. 6 or feed.

UNITED NATIONS ORGANIZATION—CANADIAN PERSONNEL

Mr. Browne (St. John's West):

1. How many Canadians are serving in the various branches of the United Nations Organization?
2. What are the names of such persons and with what sections and where are they serving?

Mr. Claxton:

1. According to the latest information received from the secretariat of the United Nations, there are 155 Canadians serving in the secretariat.

2. Of the 155 Canadians serving with the United Nations secretariat there are 51 professional staff and 102 classified as general service serving in New York. In addition, there is one Canadian with United Nations headquarters at Geneva and one with economic commission for Latin America. Further information as to the names and sections in which personnel are serving has been published in United Nations document ST/AFS/R.5 of October 7, 1952. Information as to the numbers of Canadians serving in the specialized agencies and other bodies related to the United Nations is being sought.

[Mr. Dickey.]

ARMY APPRENTICE BRANCH ENLISTMENTS

Mr. MacInnis:

1. How many applications for enlistment have been received since January 1, 1953 to date, from youths wishing to enlist in the apprentice branch of the army?
2. How many applicants, by provinces or military districts, have been accepted?
3. What was the youngest age of those enlisting?
4. Was parent's consent given in all cases?
5. How many of the recruits were attending school at time of enlistment?
6. What is the wage paid to these recruits?
7. In what provinces are the training schools located?

Mr. Blanchette:

1. The first group of privates apprentice were taken into the army in December, 1952; a total of 423 applications for enlistment were received up to that date. The next intake will be in July, 1953, and 15 applications for enlistment have been received thus far since January 1, 1953.

2. The first intake by provinces: Newfoundland, nil; Prince Edward Island, 1; Nova Scotia, 17; New Brunswick, 2; Quebec, 23; Ontario, 57; Manitoba, 4; Saskatchewan, 6; Alberta, 2; British Columbia, 8.

3. 16 years of age.

4. Regulations require that the written consent of parent or guardian must be given and no case has been brought to attention where this was not done.

5. Information not available.

6. The basic pay of a private apprentice is $44 per month in addition to subsistence, board, clothing, medical and dental care, etc. On reaching 17th birthday he draws the basic rate of a private which is $87 and, as he qualifies, he becomes eligible to draw 2nd and 1st class privates' pay which is $91 and $98 respectively, receiving also subsistence, board, clothing, medical and dental care, etc.

7. Training schools are located in Quebec, Ontario and British Columbia.

WHEAT PURCHASES BY ELEVATOR COMPANIES

Mr. Argue:

1. How much wheat was purchased by each elevator company at country elevator points, during the crop years 1950-51 and 1951-52?
2. How many bushels of each grade of wheat from No. 1 to feed wheat and including tough, damp and rejected grades, were purchased by each company in each of the above years?

Mr. McIlraith: To give the information requested in this question would disclose the competitive position of each elevator company. It has never been the practice to give that information, and I would therefore ask that the question be dropped.

Mr. Coldwell: Might I ask that the question be allowed to stand until the hon. member for Assiniboia returns?

Mr. McIlraith: There is no objection to allowing the question to stand until the hon. member returns.

Question stands.

FAMILY ALLOWANCES, QUEBEC

Mr. Lafontaine:

What amounts were paid as family allowances in the province of Quebec, during the years 1945, 1946, 1947 and 1948?

Mr. Martin:

Calendar year: 1945, $38,161,282; 1946, $80,990,109; 1947, $87,097,709; 1948, $88,831,366.

POST OFFICE DEPARTMENT INSURANCE

Mr. White (Middlesex East):

1. Is fire insurance carried by the Post Office Department on contents of the post offices at Dorchester, Ontario, Byron, Ontario, and Thorndale, Ontario? If so, how much is carried and with what companies is the insurance placed?

2. Is theft insurance carried by the Post Office Department on the contents of post offices at the above mentioned places? If so, (a) what is the maximum amount of insurance that is carried on each; (b) what is the premium paid on each; (c) to what companies are the premiums paid?

3. In the case of theft insurance where the loss is greater than the maximum amount of insurance carried, who sustains the loss?

Mr. Langlois (Gaspe):

1. No.

2. No.

3. See answers to Nos. 1 and 2.

GUYSBOROUGH COUNTY, N.S.—RURAL MAIL ROUTE

Mr. Black (Cumberland):

1. When were last tenders called for rural mail route Aspen and Caledonia via New Town, Guysborough county, Nova Scotia?

2. When were tenders received, giving (a) name of tenderers; (b) amount of each tender?

3. Who held the previous contract, stating amount?

4. To whom has contract been let, stating amount?

Mr. Langlois (Gaspe):

1. February 3, 1953.

2. February 27, 1953;

(a) and (b) Sterling Manson MacKeen, Aspen, $1,800; Stuart Ellis McKeen, Aspen, $1,950; Sterling Manson MacKeen, Aspen, $1,950; James Everett Kirk, Aspen, $2,080; Frederick McGrath, Aspen, $2,099; Fraser McGrath, Aspen, $2,299; Ross MacDonald Archibald, Glenelg, $2,480.

3. Fraser McGrath, $2,700.

4. The contract has not yet been awarded.

QUESTIONS PASSED AS ORDERS FOR RETURNS

NATIONAL DEFENCE—PROPERTY ACQUIRED IN VICTORIA, B.C.

Mr. Pearkes:

1. Did the Department of National Defence, in recent years, acquire property on Haultain street, Victoria, British Columbia?

2. If so, what was the extent of this property?

3. From whom was it obtained?

4. If purchased, what was the price paid?

5. For what purpose was the land acquired?

6. Is the government, through crown assets corporation, offering this property for sale?

7. If so, under what terms?

8. Was it the intention of the Department of National Defence at any time to construct a training centre for auxiliary units of the Royal Canadian Air Force, on this property?

9. Was there an understanding that this property was to be retained for the Royal Canadian Air Force?

10. What provision is now being made to accommodate Royal Canadian Air Force units and air cadets in Victoria, British Columbia?

Mr. Blanchette: Return tabled.

CRIMINAL CODE, INDICTABLE OFFENCES

Mr. Robichaud:

1. How many charges have been laid for indictable offences, under the Criminal Code, in each province of Canada, during the years 1949, 1950, 1951 and 1952?

2. How many convictions were obtained, as a result of the said charges, in each of the said provinces, during each of the above mentioned years?

3. What was the nature of the offences for which convictions were obtained in each of the said provinces, during each of the above mentioned years?

Mr. McIlraith: Return tabled.

HALIFAX—GRANTS IN LIEU OF TAXES

Mr. Balcom:

What cash grants have been given Halifax city in lieu of taxes by the federal government for the fiscal year 1952-53?

MR. D. LAHIRI

Mr. Pearkes:

1. Has a Mr. D. Lahiri been employed in the Department of Defence Production?

2. If so, during what period was he in the employ of the department?

3. Of what nationality is the said Mr. Lahiri?

4. Does he, or has he at any time held military rank?

5. If he is no longer in the employ of the department, for what reasons were his services dispensed with?

6. Were his passages to and from Canada assisted? If so, to what extent did he receive financial assistance?

7. What salary did he receive while employed by the department?

8. Was he screened for communist activities before being given employment?

9. Is the present whereabouts of Mr. Lahiri known?

Inquiries of the Ministry

MOTIONS FOR PAPERS

TELEVISION LICENCE, HAMILTON

Mr. Fulton:

For a copy of a letter or letters sent by the Department of Transport on or about February 16, 1953, to the broadcasting consultants on its approved list, outlining the conditions or limitations to be met in connection with any application for a licence for a television station in the Hamilton area.

Mr. Chevrier: Tabled herewith.

REPORTS BY AUDITOR GENERAL

Mr. Fulton:

For a return showing all observations or references to actions considered irregular in the administration of public funds noted by the Auditor General and/or those acting on his behalf in the execution of the responsibility of the Auditor General to this house since March 1, 1950, and not included in the Auditor General's reports to parliament in that period, covering all branches of: (a) the Department of National Defence; (b) Defence Production Limited; (c) Crown Assets Disposal Corporation.

He said: The Minister of Finance was kind enough to show me a memorandum in connection with this motion which he had received from the Auditor General. I have since spoken to the Auditor General, and to get the information I have in mind it would be necessary to reword the motion, so I am asking that it be dropped.

Mr. Speaker: Motion dropped.

WHEAT

INTERNATIONAL WHEAT CONFERENCE—INQUIRY AS TO AGREEMENT

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): Is the Minister of Trade and Commerce in a position to make some report on the progress of the international wheat conference and the likelihood of an agreement being arrived at?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, the situation is unchanged in that negotiations are proceeding, but I will now answer one question asked earlier by the hon. member and report that I am optimistic about the prospect for a contract being arrived at eventually.

FISHERIES

NEWFOUNDLAND—INTERFERENCE BY FOREIGN TRAWLERS

On the orders of the day:

Mr. G. F. Higgins (St. John's East): Is the parliamentary assistant prepared to comment on the statement in the St. John's *Daily News*, relative to interference with Newfoundland fishermen by foreign trawlers?

[Mr. Pearkes.]

Mr. J. Watson MacNaught (Parliamentary Assistant to the Minister of Fisheries): Mr. Speaker, the hon. member for St. John's East was good enough to give me advance notice of his intention to ask this question. The department has been keeping close watch on the operations of foreign trawlers and draggers on the southwest coast of Newfoundland. Several French, Portuguese, Spanish and one German fishing vessel have been reported in the area, but from on-the-spot observations there is no evidence that they have operated inside Canadian territorial waters. Over a month ago the department arranged with the Royal Canadian Mounted Police to patrol the area with the motor vessel *MacBrien*. At that time no foreign trawlers or draggers were sighted. Since then the department has kept the area under observation and the Royal Canadian Mounted Police patrol vessel has been instructed to again cruise the area. The department's own vessel, the motor vessel *Arctica*, has been dispatched to the southwest coast and within the next week or ten days, following her annual overhaul and refit, the department's large protection vessel, the motor vessel *Cygnus*, will be assigned to patrol the southwest section of the Newfoundland coast.

FERRY SERVICE

WOOD ISLAND-CARIBOU—AUTHORIZATION FOR THIRD BOAT

On the orders of the day:

Hon. Lionel Chevrier (Minister of Transport): Yesterday the hon. member for Queens asked the following question:

Has the government or the Minister of Transport refused permission to the Northumberland Ferries Limited to operate a third boat on the Wood island-Caribou route in order to provide an interim service pending replacement by a new boat which is to be constructed by the federal government? If this statement is correct, as reported in the press, we should know why permission was not granted.

The answer to the question is, no, neither the minister nor the government refused permission for the operation of a third boat. As the hon. member knows, these matters are under the jurisdiction of the Canadian maritime commission, and the Canadian maritime commission has suggested to Northumberland Ferries Limited that, pending the construction of the boat, they operate a third ship on a two-year contract basis. Thus far the company has not indicated its intention of accepting that suggestion.

Mr. W. Chester S. McLure (Queens): I should like to ask a question arising out of the answer just given. It would still be open to Northumberland Ferries to negotiate with the government, because in the matter

of transportation problems they cannot be passed over to a commission. The government must deal with the Prince Edward Island government.

Mr. Chevrier: I do not know if that is intended as a question, but if it is the answer again is no. The body that is responsible for negotiations in this case is the Canadian maritime commission, and it is with that body that Northumberland Ferries should negotiate.

SUPPLY

Hon. Alphonse Fournier (Minister of Public Works) moved that the house go into committee of supply.

EXCISE AND SALES TAXES—EFFECT UPON MUNICIPAL COUNCILS AND SCHOOL BOARDS

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I propose to avail myself of this opportunity to place before the house a motion which would give hon. members on both sides an opportunity to express their opinion in regard to a subject that has already been before the hon. members of this house at another time, but in regard to which they were denied an opportunity to record their opinion. It will not be necessary to discuss this matter at any length because the views of the members have been put forward on earlier occasions in regard to the particularly onerous effect of excise taxes and sales taxes upon municipal councils and school boards.

On an earlier occasion it was said that this subject has been discussed a number of times. It has. However, the members of this house during the present session have seen, on different occasions, the beneficial results of repeated requests for consideration of subjects which were able to commend themselves to the good judgment of the members of this house. When this subject was before us on an earlier occasion it was indicated that there would be difficulties in the way of working out plans for the exemption of municipal councils and school boards from the impact of these taxes. It does not seem that this objection has any valid foundation. It would be a very simple matter to make the necessary arrangements once a decision was made. As every cent of money spent on the purchase of machinery and other equipment by municipal councils and school boards represents money raised by taxation, this is a form of tax on tax which creates a very severe burden. I would point out that at this very time, in different parts of Canada, educational authorities are emphasizing their difficulty in meeting the increasing cost of education. We are told that it is difficult for school boards to provide the money for teachers because of the amount they are required to spend for the building and equipment of their schools. A considerable part of that expense is made up of excise tax and sales tax imposed by this government on purchases representing taxes already collected from the municipal taxpayers.

The fact that this is an unjust form of taxation has been recognized in the case of the provincial governments. Exemption is provided to the provincial governments with respect to all purchases of this kind. The same principle should apply with equal force to the municipal councils and school boards which are buying equipment, machinery and other things of that kind needed in the daily requirements of the people, either for education or for the ordinary services to the community.

In view of the fact that our position has been clearly stated on another occasion, I leave my remarks there and present the following motion, seconded by the hon. member for Greenwood (Mr. Macdonnell):

> That all the words after "that" to the end of the question be deleted and the following substituted therefor:
>
> "whereas the present policies of the government impose a heavy and unjust burden of taxation on municipal taxpayers;
>
> This house is of the opinion that immediate consideration should be given to the introduction of legislation which will provide for the exemption of all municipal councils and school boards from the payment of excise taxes including the 10 per cent sales tax on all purchases of machinery and other equipment, and which will further provide for taxation of all federal government properties in municipalities on the same basis as that of ordinary municipal taxpayers."

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, I am rising to support the amendment this afternoon because we have taken much the same view as that which has been expressed by the Leader of the Opposition (Mr. Drew), the hon. member for Greenwood (Mr. Macdonnell) and others during the course of the budget debate. In discussing agricultural problems yesterday I mentioned some figures which indicated that between 1939 and 1952 the taxes on farm buildings and farm lands had increased by approximately 200 per cent. What is true of the increase in taxation in rural municipalities is equally true in the villages, the towns and the cities across Canada. It seems to me that this government or this parliament—for it is, of course, parliament which imposes the taxes, although the government suggests

them—should not inflict taxes upon the junior governments knowing, as we all do in this house, the difficulties which the junior governments have in meeting the increased costs of municipal services, and particularly the increased costs of education.

We hear a great deal about the increased costs of education, Mr. Speaker, but may I say that educational costs in the past have been relatively low and our schools and our teaching staffs have been more or less starved financially, with the result that we have in the country many obsolete schools and many overburdened teachers. Indeed, there are shortages of teachers in many parts of Canada. After all, the future of our country depends, to a large extent—particularly in the times in which we live—on the ability of the individual to understand what is going on and to make his own appraisals of situations which may arise. That fact means that we must have a thoroughly competent educational system.

May I also say that in many of our municipalities health conditions are far from satisfactory. In the past, with their limited taxation powers, many municipalities, villages and even urban centres in this country have had a deplorable level of sanitation, a situation which reacts against the health of the people who reside in the towns and the villages of Canada. I think that one gesture we can make is the one outlined in the amendment this afternoon, namely the remission of the right to tax local property in the municipalities and in the provinces. I think also that the amendment might have been accompanied by the suggestion that equipment brought into the country from abroad, for use in the municipalities and so on, should be exempt from any import duties.

But this is only a gesture. We know perfectly well that the taxes on land and real property are today not only oppressive but are preventing the building of suitable homes. I know of young people who have looked around this city, for example, and have chosen what they consider to be a location that would be fairly acceptable to them but who, when they asked what the taxes would be, have decided that they could not afford to carry the costs of building and to look forward to paying not only the taxes that now exist but also the local improvement taxes that would be placed on that property when paving and sewerage are given to the property.

An hon. Member: And water.

Mr. Coldwell: Usually they have water facilities.

[Mr. Coldwell.]

I therefore want to support this amendment, Mr. Speaker. I not only support it on my own behalf but I know I am supporting it on behalf of the C.C.F. party in this house. We have made this suggestion with others. I am not taking credit for suggesting this action. We have suggested it with others in this house from time to time, and I am confident that in all parts of the house hon. members have a great deal of sympathy for the suggestion that has been made. I hope that hon. members who have that sympathy, wherever they may sit, will rise in their places and by their vote this afternoon will show that they support the proposal.

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, members of the Social Credit group will support this motion. I think it is fitting to draw attention to the fact that the whole nation is suffering at the present time because of an extensive increase in costs which has been brought on by the very policies of the government at present in power.

The rise in prices began in 1946 with the $5 increase in the price of steel, and the consequent strike of the steel workers for an increase in their wages. The federal government permitted that increase in steel prices and consequently had to assume responsibility for all the increases which have resulted from the increase in the price of steel. While the nation now is suffering from the high costs which are resulting from those very policies, to levy a tax on machinery and other materials required by the individual municipalities—which will make them pay not only the increase in price but a tax on it—is something which I think constitutes an extreme of injustice. It must be borne in mind also that not only have we had an excessive increase in prices, in the cost of living, in the cost of housing, in the cost of rent, as well as taxation on the individual members, but we have also excessive taxation by the federal government.

Mr. Speaker: Order. Probably I should draw to the attention of the house the fact this motion deals with taxation on municipal taxpayers and suggests:

> That immediate consideration should be given to the introduction of legislation which will provide for the exemption of all municipal councils and school boards from the payment of excise taxes . . .

I think hon. members should direct their remarks to that feature of the amendment.

Mr. Blackmore: I agree with that entirely, Mr. Speaker, and if you had waited another minute you would have found me right on that particular subject.

Mr. Coldwell: An admission that you were off the subject.

Mr. Blackmore: Right on the subject, only the Speaker could not recognize it because he did not give me time to say what I was going to say. Now, because of the fact that the individual members of the community are already suffering a tremendous burden of taxation levied by the federal government they are in a much less competent position to stand additional taxation in the municipality which results from a 10 per cent levy on all the goods which are required. Let hon. members bear in mind, merely as an instance, the cost of removing snow in the ordinary municipality of Canada, and remember that all the machinery which is required for the removal of the snow is subject to tax. I think that is sufficient.

I do not wish to multiply words, to go into details; I only wish to point out that I believe the point taken by the Leader of the Opposition is very sound. We propose to support it.

Mr. J. L. Gibson (Comox-Alberni): Before the parliamentary assistant to the minister speaks I am sure he will not mind if I make a comment in this regard. The very fact that the federal government has seen fit to give this advantage to the provincial governments would seem to indicate to me that the time has now arrived when they should consider extending this same privilege to the municipalities.

In the amendment which has been moved by the Leader of the Opposition he is asking that the government give consideration to extending this to the municipalities. I feel that I can support that amendment for the reason that I believe that consideration should be given by this government to extending this exemption to the municipalities, and also to reviewing the present exemption which they have been giving to the provinces. I can well appreciate what the Minister of Finance (Mr. Abbott) has said, namely, that there will be great difficulties of administration in seeing that such concessions are not abused. Perhaps there is some measure of justice in what he says, because I am not entirely convinced that it has not been abused to some extent by certain provinces in this country.

Because I believe that if the government would take this matter under consideration they might offer this extension in some form to the municipalities, I say that the matter is worthy of support, if only for the reason that it might clear up the present situation which I am not altogether satisfied is being properly dealt with.

Mr. Jean Lesage (Parliamentary Assistant to the Minister of Finance): Mr. Speaker, I should like to say just a few words. I agree with the Leader of the Opposition at least on one point, namely, that this question has been discussed at length, especially on March 31, last. On that occasion the Minister of Finance made very clear what the position of the government is on this question. He added that this question had been and still was under consideration by the government.

The hon. member for Rosetown-Biggar (Mr. Coldwell) said that hon. members should feel free to vote in accordance with their personal opinion on this matter. May I point out to you, sir, that as the Minister of Finance said, and I repeat, this question has been constantly under review and consideration by the government, and he did not feel that the exemption suggested could be granted at this time.

The amendment which was moved by the Leader of the Opposition is to a motion to go into supply, and that amounts to a motion of non-confidence in the government. May I end by saying that the two statements of the Minister of Finance on the matter can be found at pages 3460 and following and 3486 and following of *Hansard*.

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

Some hon. Members: Yes.

The house divided on the amendment (Mr. Drew) which was negatived on the following division:

YEAS

Messrs:

Blackmore	Higgins
Brooks	Jones
Browne (St. John's West)	Macdonnell (Greenwood)
Cardiff	MacInnis
Casselman	MacLean (Queens)
Charlton	McLure
Churchill	Montgomery
Coldwell	Noseworthy
Diefenbaker	Pearkes
Fair	Poulin
Fleming	Quelch
Fraser	Rowe
Fulton	Starr
Gagnon	Thatcher
Gibson	Thomas
Gillis	Tustin
Graydon	White (Hastings-Peterborough)
Green	White (Middlesex East)—38.
Hees	
Herridge	

NAYS

Messrs:

Anderson	Black (Chateauguay-Huntingdon-Laprairie)
Applewhaite	Blanchette
Arsenault	Boisvert
Ashbourne	Boivin
Balcom	

Bonnier	Leduc
Bourget	Lefrancois
Bourque	Leger
Bradley	Lesage
Breton	Little
Brisson	MacNaught
Bruneau	McCann
Cameron	McCubbin
Carter	McCulloch
Cauchon	McDonald (Parry Sound-Muskoka)
Cavers	McIlraith
Chevrier	McIvor
Claxton	McMillan
Corry	McWilliam
Cote (Matapedia-Matane)	Major
Cote (St. Jean-Iberville-Napierville)	Maltais
Crestohl	Martin
Dechene	Masse
Denis	Monette
Deslieres	Murray (Oxford)
Dickey	Mutch
Dupuis	Nadon
Follwell	Nixon
Fournier (Hull)	Parent
Fulford	Pinard
Garson	Pouliot
Gauthier (Portneuf)	Proudfoot
Gauthier (Sudbury)	Ratelle
George	Richard (Ottawa East)
Gingras	Richard (St. Maurice-Lafleche)
Gour (Russell)	Robertson
Gourd (Chapleau)	Robinson
Harris	Rochefort
Helme	Rooney
Henderson	Ross (Hamilton East)
Hosking	Rousseau
Howe	Schneider
Hunter	Smith (Moose Mountain)
James	Smith (Queens-Shelburne)
Jeffery	Smith (York North)
Jutras	Stick
Kent	Tremblay
Kirk (Digby-Yarmouth)	Valois
Lafontaine	Weir
Langlois (Berthier-Maskinonge)	Winkler
Langlois (Gaspe)	Winters—102.
Lapointe	

Mr. Drew: Mr. Speaker, I was paired with the Prime Minister (Mr. St. Laurent). Had I voted I would have voted for the amendment.

Mr. Catherwood: I was paired with the hon. member for Kent, Ont. (Mr. Huffman). Had I voted I would have voted for the amendment.

Mr. Wylie: I was paired with the hon. member for Burnaby-Richmond (Mr. Goode). Had I voted I would have voted for the amendment.

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

DEPARTMENT OF NATIONAL DEFENCE

Defence services—

241. To provide for the Canadian forces, the defence research board and other expenditures relating to defence, including contributions toward the military costs of the North Atlantic Treaty Organization; to authorize expenditures in the current year out of the amount hereby provided, not exceeding $324,000,000, under the provisions of section 3 of the Defence Appropriation Act, 1950, and to provide that, notwithstanding subsection 3 of that section, where equipment or supplies acquired by the Canadian forces after March 31, 1950, are transferred, the estimated present value thereof shall, if the governor in council so directs, be credited to this vote instead of being paid into the special account mentioned in the said subsection 3, and when so credited may be expended for the purposes of the Canadian forces; and notwithstanding section 30 of the Financial Administration Act to authorize total commitments for the foregoing purposes of $3,994,895,578 regardless of the year in which such commitments will come in course of payment (of which it is estimated that $1,971,926,275 will come due for payment in future years), $1,960,159,633.

[Mr. Speaker.]

Item stands.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

A—Department—

249. Departmental administration, $1,001,677.

Item stands.

DEPARTMENT OF PUBLIC WORKS

320. Departmental administration, $671,905.

Mr. McLure: Mr. Chairman, my remarks will be quite brief, but I had in mind a few things with which I should like to deal at the present time. I was surprised when I looked at the amounts we are being asked to vote for the Department of Public Works as I was under the impression that the total this year would be much less than last year owing to the fact that less building was being done. On several occasions I tried to find out if we were going to have a post office built and I was always told that there were three things that were required before that could be done, namely, steel, cement and lumber. I took it for granted that with all those materials being in short supply the vote for public works would be less than in other years. However, I find that there is an increase of nearly $6 million and I probably should have pushed to have a post office built at Charlottetown out of that extra $6 million.

Sometimes we on this side of the house are accused of asking for too much, but if sometimes we try to have needs of our constituencies fulfilled we always know that unless they feel kindly toward the constituencies, unless the government feels there is a possibility of winning in the constituencies, they do not treat us as well financially as they treat other places where they have better prospects. However, we are still going to continue to make our appeal for something that is essential and necessary in our constituency.

On many occasions the Minister of Public Works has promised definitely that a post office would be built. I think he has been

making these promises for about ten years. In 1949 it was hung out before the electors in grand style. Plans were prepared for a great building that was to be built down there to handle all the different federal departments. Cuts of this great building appeared in the local newspapers and I am sure had an influence upon the public before the election.

They showed a wonderful building occupying a whole square and we were told we would have back again the Bank of Canada and some of the other things that had been taken away from us because there was not room. We were also to have recognition from the Post Office Department once this building was built and were to be given a zone of our own instead of being tacked on to New Brunswick because of there not being enough space in Charlottetown. I assume that that is one reason why we did not have a post office zone of our own.

After having bought a site for this immense building which they have promised over and over again, the government has gone into the retail renting business. Perhaps we can leave out the word "retail" and say that they have gone into the rental business. We find now that they have fifteen or twenty properties that they are renting. According to the terms of doing business with the federal government those cheques should be made payable to the department direct at Ottawa. I should like to know from the minister who is the collector of rentals and who is in charge of the properties at Charlottetown. I should like to know also the terms of the rentals of those properties.

Perhaps if we had this information we would have some idea when they expect to build this glorious building that they have been promising so long. I know that there may be an election within a year's time and they will want to hang this up again. They will want to act as Santa Claus for the election. However, I think this has been promised for so long that it has lost some of the glamour that it might otherwise have held for the electors of Queens.

There are other questions I want to ask but I shall wait until the proper items are before us. I should like to know from the minister how they are running this rental business down there and I should like to know just what moneys they receive from the rentals. If they are renting the properties according to what they paid for them they must be receiving a good deal in the way of rentals. I should like to know also how much they expended last year on repairs on this vast property that they bought. I will leave it at that for the time being until I get answers to my questions.

Hon. Alphonse Fournier (Minister of Public Works): Mr. Chairman, I am always pleased to listen to the hon. member for Queens. He said that I had promised a public building for Charlottetown ten years ago, but I will refresh his memory by telling him that it was only about eight years ago. When the hon. member came here in 1945 we both joined in making a dual promise to the people of the island. I made that in good faith and I am still acting in good faith. Then in 1949 we did promise that building again, but we were not able to put it up. The results were not very good.

I ask my hon. friend not to press it at this time if this is an election year. We do not want to make the people believe that they should vote for us because we are going to put up a building. I can give the hon. member some good news right now. Pending the construction of the building we do rent these properties, some to the provincial government. The architectural plans for this building are 80 per cent completed. The other plans are not quite so advanced, but we are starting to see the light. Along with my hon. friend, I hope that we will be able to get this building for these people. I feel that I have a certain responsibility seeing that I joined with the hon. member in making that promise to the people of Charlottetown. I would not want to let them down. When the plans are completed I shall recommend that there be the necessary item to cover the building. I hope my hon. friend will be satisfied. He can go back to Charlottetown, as I would myself, and say the same thing to the people there. I would hesitate to put in an amount of money right now when I know that I would not be able to expend it during this fiscal year.

Mr. Coldwell: The hon. member for Charlottetown has been given an answer in connection with a building promised some ten years ago.

Mr. Fournier (Hull): Eight years.

Mr. Coldwell: I am thinking of a case in my constituency where the site was bought in 1938, which I believe is fifteen years ago.

Mr. Rowe: It is outlawed now.

Mr. Coldwell: The amount has been in the estimates every year since 1938 but I am happy about it this year because in former years, I will not say in recent years but in former years, there was only $50,000 provided. This year there is $75,000 in the estimates and that gives me great hope. I do not know how far plans are advanced in

connection with that project but, putting all humour aside, Mr. Chairman, I can assure the minister that the premises are badly needed in that town. In places in Saskatchewan with less business than there is in the town of Biggar, which is a divisional point, premises have been erected by the government in recent years. I hope that my hon. friend from Queens will get his building and I am living in hopes, since the estimate has been increased by 50 per cent, that the minister is really determined to get in at least the foundations of this building—shall I put it this way—"before the snow flies".

Mr. Fournier (Hull): We are making progress as you can see—50 per cent within a year. I still hope that we will have those plans completed and they are working on those plans in the department. The need is there, there is no doubt—and it was established in 1938, four years before I became a minister. I have more attachments to projects I undertake myself than to old projects made by other ministers but I am not forgetting that building. Even if I have put up other buildings in that province I do want to put one up in Biggar.

I do not neglect anybody and when we look at the house we see that there are 262 ridings, and I think I have done something for every riding.

Mr. Fleming: Not for mine.

Mr. Fournier (Hull): I did something not in Eglinton but in Toronto.

An hon. Member: That is downtown.

Mr. Fournier (Hull): I am perhaps more attentive to the people downtown than to those in uppertown but I am thinking of Toronto in my estimates. There is only one other word I would like to say. I would like to put up all of these buildings which are requested and needed at the same time all over the country, but I have found out that it is an impossibility. Even if my staff worked three shifts a day we could not begin to make up all of the works that are asked for in the country; but members will understand that we are making progress. You should travel around the country as I have every year or every second year; if you do you will see that we have done quite a bit of work since 1945 with the people we have to do the work and with the estimates which the house has so graciously granted to the Department of Public Works.

(Translation):

Mr. Gagnon: Mr. Chairman, I take this opportunity to thank the Minister of Public Works (Mr. Fournier) for having allowed the rebuilding of the wharves at Bagotville and L'Anse St. Jean, as well as certain repairs to the wharves at Petit Saguenay and Grande Baie.

Unfortunately, these repairs are insufficient. So I wish to call these matters once more to the minister's attention and insist upon the urgency of having other repairs made to the wharves at Petit Saguenay, Ste. Rose du Nord and Grande Baie.

I also wish to remind him—as I have done many times already—of the need for a public building at Chicoutimi so that the post office as well as the offices of the different other departments of the government may have adequate accommodation. We find in this year's estimates an amount of $250,000 for this purpose. I hope that construction will start soon and that the people of Chicoutimi will, in the near future, be in a position to benefit from the use of an appropriate public building designed to give the services to which they are entitled.

I have also called the minister's attention to the need for a public building at Ha! Ha! Bay. The minister has received many requests from various chambers of commerce and municipal councils with regard to these projects. I simply wished to remind him of our needs and beg him not to forget us in 1953.

Mr. Fournier (Hull): Mr. Chairman, I take the hon. member's remarks in good part and, as I just said in English, if I could erect in the course of the same year all the buildings required in Canada, I would gladly do so and thus make my task much lighter for the years to come. Unfortunately it is impossible for me to do so. Every project has its importance and I trust that with time and patience we will be able to secure what we want for every part of Canada.

(Text):

Mr. Chairman, may I suggest, now that we have reached the details where members are putting questions on specific items, we might carry the general item unless somebody has general remarks to make. We can pass on then and I will answer those questions when I have the proper book before me.

The Chairman: Shall the first item carry?

Some hon. Members: No.

Mr. Gillis: Mr. Chairman, I would just like to ask the minister a question and his answer will determine whether or not I make a long speech.

An hon. Member: You had better be careful.

Mr. Gillis: I know the minister is always very co-operative and I know too that I like to accommodate him.

I would like to ask him if any recent representations have been made to his engineering branch in the matter of extending a wharf that exists in the city of Sydney and harbour, adjacent to the Dominion Atlantic Springs Company plant. I know that a request was made to me which I passed on to the minister's office; and I think the engineering branch had a visit from the owner and operator of the Dominion Atlantic Springs Company. I do not see anything in the estimates although I have looked for something on this, but if the minister can tell me he is giving consideration to the matter and that he might bring in a supplementary estimate later I will be quite satisfied to remain in my seat.

Mr. Fournier (Hull): I am informed that we did receive representations. The gentlemen interested in that company paid a visit to the office of the chief engineer and the deputy minister. The answer we gave was that we would instruct our engineers to look into the matter and consider it. With respect to committing the department to recommend an estimate this year, I must say that I have not enough information before me. My hon. friend knows that I take all of these requests very seriously—meaning that if he has a good case then he can expect a good decision. If the case is not strong enough then I will have to see him and explain to him personally what we think of it.

Mr. Gillis: I am quite satisfied. No speech.

Mr. Cardiff: Was any report received by the department with regard to a wharf at Port Albert in the county of Huron?

Mr. Fournier (Hull): I am told by my deputy minister that he cannot recall that we have had any request for a wharf at Port Albert. What is the population?

Mr. Cardiff: The population is not significant but has there been any consideration—

Mr. Fournier (Hull): I can hardly discuss it at the moment.

Mr. Cardiff: It would be an exceptionally—

Mr. Fournier (Hull): Now, listen; if you want some results give me the information you have and I will ask about the matter.

Mr. Cardiff: One of your engineers was up there and investigated the thing and I wondered whether he had put in a report to the department.

Mr. Fournier (Hull): I will ask my engineers, but my deputy, who is a very learned man, does not know of it.

Mr. Noseworthy: I should like to ask a general question which applies to every branch of the minister's department. I should like to have an explanation of the reason for so many revotes, particularly in connection with the purchase and construction of public buildings. I have not had an opportunity of checking each province, but I have noticed that eight out of nine items listed under Newfoundland are revotes and amount to over $500,000; nine out of fourteen items for Nova Scotia are revotes and amount to $780,000; ten out of fifteen items for New Brunswick are revotes and amount to well over $1 million. I noticed that for Quebec there is a total of thirty-one revotes amounting to close to $5 million. What is the explanation for so many revotes? Was this money voted before the department was prepared to use the money or was more money voted than the department could make use of during the year? Is the minister asking for another $5 million for Quebec this year more than he is going to be able to spend or is the minister going to spend all these revotes this year? It is an appropriate year for spending on public works.

Mr. Fournier (Hull): Everything the hon. gentleman has said has some weight except the last remark. I am not impressed by that. To my knowledge revotes have existed in the Department of Public Works since that department was created. If you know about the construction business, even building your own home or putting buildings on your farm, you fix a date to complete your project. About 90 per cent of the time you do not complete the job on that date which you have fixed, and that is my experience in public works. When we start off, we get requests for wharves, buildings and so forth. These requests originate with the member, the mayor, boards of trade and so forth. These requests are studied by our officials and we make a decision. Then, we try to make an estimate of the cost and the time it will take to construct this work. We prepare our estimates in November and they are tabled in January. Generally they are voted in June. This year is an exception because we did start the session in November.

Now, in general, the vote is passed in the last days of the session and receives royal assent. Then, the staff in the office starts the plans for these buildings or wharves, and plans take time. Perhaps we have an amount of $100,000 for that fiscal year and we spend perhaps $60,000 or perhaps $70,000. The

whole construction will call for an expenditure of say $200,000, and we plan to expend the balance of $140,000 in the next fiscal year. We come before parliament and say, now this year we want $140,000. There is a revote in that of $40,000, and that means the work is under way. We have started to expend money, and we except to complete that construction in the following year.

We have construction projects under way for two, three and four years. Do not be surprised if you see these revotes continuing in these items because that is generally the case during the construction of these projects. No one in my department, or even in the house, has devised a way by which you would not have any revotes. I am not affected because even on my side of the house they say, "You bring up an estimate and you do not do the work." If you look up the estimates for Victoria-Carleton you will see an item for a customs building in Andover, and that has been in the estimates for quite a while. We have purchased the site and prepared the plans, but I would have to look it up to see if the contract has been let. There will be a vote and a revote on that item until the construction is completed. What is wrong with that procedure? We do not spend the whole of the amount requested, but we need more for the next year. There is nothing irregular about that procedure for construction work.

Mr. McCann: The votes lapse at the end of the fiscal year.

Mr. Fournier (Hull): Yes, that is why I am coming back here. At the end of the fiscal year any money not expended lapses, and I come back and say, I did not spend this $40,000, will you revote it. That is why I am interested in Charlottetown. We have been revoting the amount so often that I am sure now everybody agrees with the hon. gentleman.

Mr. Noseworthy: The minister's explanation does not quite satisfy me. If you turn to page 396 of these estimates you will see that listed under New Brunswick there are eight items on the page which are revotes.

Mr. Fournier (Hull): I do not like to interrupt, but would the hon. member mind asking his question when we get to the vote for that province. I shall have the book then and I can give him an answer on each item.

Mr. Noseworthy: I shall ask the minister about each province.

Mr. Richard (Ottawa East): I want to say one word about my part of the city of Ottawa. As everyone knows, at one time there were a great many public buildings in that part of the city but now I am left with the doubtful honour of having the Department of National Revenue, the mint and the archives, none of which are new buildings. The remainder of the Sussex street area has been expropriated for parks. I think there has been too much concentration of building in one area, Mr. Chairman. This side of Wellington street is being loaded with buildings. At one time I thought there was some suggestion that we should spread buildings around the city.

I hope the minister will see my point. In addition to parks in the lower town area, we should dress it up with one or two public buildings just as we are dressing up the other parts of the city. The area is close to the centre of the city and close to the House of Commons, as well as other public buildings. It is not because there is any problem of distance involved, and I suggest to the minister that he might look into the possibility of locating future public buildings in that area.

Mr. Fournier (Hull): I should like to say a word in answer to the hon. member. If my memory serves me right, about 1947 parliament amended the Federal District Commission Act. I cannot recall if it is section 7 or section 8 which empowers the federal district commission, advised by the national planning board, to choose sites upon which public buildings will be erected. It is true that, after they make their report to council, council can turn down the recommendation. However, there are experts in these matters on these boards and commissions, so we generally follow their advice. The new buildings being erected in the capital are erected on sites recommended by these bodies which are advising the government. Perhaps as time goes on we can impress upon them that these buildings may be spread out in Ottawa East. I would favour having some buildings over on the other side—

Mr. Fleming: The printing bureau.

Mr. Fournier (Hull): That is one, but it is not completed yet. I am in the same situation as the hon. member for Queens. I do not know who is delaying my building, but it is far from being completed.

Mr. Browne (St. John's West): How far is it from being completed?

Mr. Fournier (Hull): That is a way of expressing myself. Unless I give you the number of storeys that have been started—

Mr. Browne (St. John's West): Give me the number of millions that you have spent on it.

Mr. Fournier (Hull): I am going to give you all that and a lot more. I have all the information in the books here, and I will give it to you. You will see that it is not so many millions for the building we are putting up there. But on the other hand, Mr. Chairman, may I ask if we should go into these details. They are most interesting, and this general discussion has lasted quite a long time.

Mr. Macdonnell (Greenwood): I will not prolong the discussion for more than a minute. I just want to ask one question. But before I do so I want to make a comment because I was greatly interested in hearing the minister this afternoon refer to his good intentions. So far as I can make out, when we see these things in the estimates, they really express good intentions and not much more. May I remind the minister of the remark once made by a gifted colleague of mine, the late Arthur Smith, who said that the road to Hull was paved with good intentions.

I come back to what I asked the minister last night about the duplication of technical services, particularly architects. The minister last night gave me some instruction which I have since been following up. I realize, for example, why there are architects now in the Department of Justice because I have looked up the Penitentiary Act and I see that the Department of Justice have control of penitentiaries and so on. What I want to ask the minister is this. Let us take, for example, Kingston, where there is a penitentiary; I have often walked past it but so far have always escaped. I presume that the minister will have representatives in Kingston either continuously or from time to time; and no doubt the Minister of Justice will also have representatives there from time to time. What I want to know is this. Is there any liaison between them? Do they know each other? Have they offices there that they would use or are they in splendid isolation? Does the man from the Department of Justice go down and carry on his business and does the man from the Department of Public Works go down and carry on his business? Do we have the pleasure of having these men going to and coming from Kingston and each working separately?

Although this is a difficult question to ask the minister to answer because we cannot alter the legislation even if we spend until six o'clock tonight on the matter, I should like to ask the minister whether he feels like expressing an opinion as to whether he thinks it is good common sense. He cannot answer that last question directly, but the minister has ways of answering questions by what I will call indirection which I always find interesting and which often are extremely illuminating.

Mr. Fournier (Hull): Speaking of common sense, Mr. Chairman, may I say that at times I think I have plenty of it and at other times I think I lack it. I should not like to discuss this afternoon the whole field of legislation concerning buildings, construction and acquisition of property; because in each case the bill comes before the house, if it contains any clause relating to the acquisition of property. You can look over many statutes, as hon. members know, in which the department, the crown company or the commission set up have powers and functions determined in that statute.

If you speak of the Department of Justice, and penitentiaries, I may say I think it is a good thing that they should have some architects and somebody trained in the building field because they have special buildings for special needs, and probably as the years go on these architects become experts in this construction. The same would apply to hospitals for the Department of National Health and Welfare. The same thing would apply to airfields in the Department of Transport. I think the same thing should apply to the Department of National Defence where they have operational buildings which are not the ordinary buildings. I do not see so much of that duplication that was reported some years ago.

As to their knowing each other, may I say that I know that architects generally know each other even though they do not work in the same department. That statement applies to lawyers generally; they know each other. They co-operate together and are helpful to each other.

As to giving instructions to officials of my department to intervene in the business of another department, may I say that I would hesitate to do that. I am not saying that the system is perfect. But neither would I say that it lacks common sense or wisdom. When these statutes are brought before parliament, everybody has a go at them and gives his opinion. When parliament has decided, year after year, that this clause concerning construction and buildings should be in the statutes, a great many people have given study to it; and nobody as yet has made or asked for an amendment to these different statutes.

Mr. Diefenbaker: Mr. Chairman, there are one or two questions I should like to ask with regard to the general policy as to construction of buildings and the like. They arise out of the record made in the province of Saskatchewan by the Lunam Construction

Company. This company was more or less a fly-by-night proposition which established itself and received many hundreds of thousands of dollars' worth of contracts.

Mr. Fournier (Hull): Mr. Chairman, I do not want to intervene, but may I say that I have a file on this matter. Would the hon. member wait until we reach that item?

Mr. Diefenbaker: I want to ask some questions about it.

Mr. Fournier (Hull): Certainly; when we get to the item.

Mr. Diefenbaker: This is a general subject for discussion now.

Mr. Fournier (Hull): I will answer when we get to the item for the construction of the building in question.

Mr. Diefenbaker: Will the minister tell me when we get to Lunam Construction Company?

Mr. Fournier (Hull): Certainly I will.

Mr. Diefenbaker: Will the minister tell me which item it is?

Mr. Fournier (Hull): Yes. It is Qu'Appelle. Look under Saskatchewan, Qu'Appelle, and you will find an item. When we get to that item I will answer questions. I have a whole file here.

Mr. Diefenbaker: Of course Qu'Appelle is just one of many. This company had a number of contracts. Some of them have been completed. I want to find out one thing about this company. Who are the officials of the company and is there any system in effect in the Department of Public Works whereby contractors are bonded? Certainly the situation in regard to this company is one that is inexcusable. Merchants in various parts of Saskatchewan, suppliers of materials, on the assumption that they would be paid, advanced tens of thousands of dollars of credit to the Lunam Construction Company for materials. It is not only the Qu'Appelle business that is in question; there is the building in Regina and there are various other buildings that were built by this company as well.

In one or two cases—I have not the figures before me and I am speaking from memory, but my memory will not belie me on this matter—$40,000 or $50,000 worth of materials are not paid for, and these amounts are owing to suppliers in three or four cases. Yet when these merchants get in touch with the department the answer is, "The account has been paid". I want to know whether, in order to protect suppliers and the like, there is in effect in the Department of Public Works a bond; and if so, what bonds there are in connection with Lunam Construction Company. In the second place, I want to know what justification there is for departmental engineers or architects or the like to permit payments far in advance of the work actually done. In the case of the Lunam Construction Company, if the various contracts which this company had are completed, the Canadian people will have to expend at least $175,000 more than the contract price that was to be paid for the completion of these buildings by the company. That is aside altogether from labour costs.

Certainly what took place in connection with the buildings constructed by the Lunam Construction Company does not indicate that careful husbandry of public funds that one would expect. Why should a company be in a position to receive payment in advance of work sheets showing the work to have been done? To individuals who supply materials that go into the construction of these buildings why should protection not be afforded before payment is made to the contractor? This company, after receiving contracts for about a year and a half, went into insolvency. It objects to anyone's saying it went into bankruptcy for it did not commit any act of bankruptcy. It just failed to pay its creditors. Today there are in Saskatchewan merchants who, having contributed on the basis of credit which should be extended under government contracts, are in a position where they are going to lose unless something is done.

The minister says he will deal with Qu'Appelle in particular when we come to it, but I want to know now the total amount of the various contracts the Lunam Construction Company received from the Department of Public Works. What was the amount that the company undertook to do the work for? Was the work done as the result of tenders, and who are the responsible officials who in their carelessness advanced moneys to that company, defunct in fact, whether bankrupt in law, at a time when suppliers had a large amount of money coming to them? I should like to know the general principle upon which that was done.

Mr. Fournier (Hull): The hon. gentleman speaks of general principles. During this session he put two series of questions to the department. He received the answers.

Mr. Diefenbaker: That is right.

Mr. Fournier (Hull): He has them right in front of him.

Mr. Diefenbaker: No, I have not got them; I said that.

Mr. Fournier (Hull): Well, I shall have to tell my officials to send you copies. They are all in *Hansard.*

Mr. Diefenbaker: All right.

Mr. Fournier (Hull): I was ready to discuss the item. This is the general item. All I am asking is to have the general item passed.

Mr. Diefenbaker: I will come right over and get the copies, because I have not got them.

Mr. Fournier (Hull): Take a look at *Hansard.*

Mr. Diefenbaker: When you have them, send them over. I thought you had them.

Mr. Fournier (Hull): I am ready to spend all the time you wish on that question when we pass this general item, which is the administration item. Right after that, if you wish, we will call the architectural branch, and I have all the explanations. It is not as sorry a story as the hon. gentleman paints. Could I have the general agreement of the committee to pass this item?

Mr. Diefenbaker: I want an answer to this simple question, Mr. Chairman. Did you have bonds?

Mr. Fournier (Hull): Yes.

Mr. Diefenbaker: Were there bonds?

Mr. Fournier (Hull): I will give you all the information—

Mr. Diefenbaker: I want an answer to that.

Mr. Fournier (Hull): In all these projects the hon. gentleman has mentioned public tenders were called for. In the eight cases that came to my attention public tenders were called for. They were competent tenderers. This company was not the only one. They were the lowest tenderers in every one of these cases, Prince Albert, Regina, Tisdale, Fort Qu'Appelle and so on. At Fort Qu'Appelle there was a new Indian hospital; at Regina a building for the unemployment insurance commission and at Fort Qu'Appelle a new public building. They were all tendered for. They had the lowest tender. Attached to the tenders was a ten per cent cash deposit by the tenderer, which is the guarantee from all these tenderers. We keep that 10 per cent as security. We sign a contract with the lowest tenderer. He proceeds with the work. Our officials in the field make progress reports. We make payments on those progress reports but keep a drawback of 10 per cent. Our guarantee as the work goes on is 20 per cent, and that is what the law and the regulations call for. What else does the hon. gentleman want to ask me on the general principle of contracts?

Mr. Diefenbaker: So that 10 per cent of these contracts amounted to how much?

Mr. Fournier (Hull): If you wait until we get to the item I shall be able to tell you. You want general principles now?

Mr. Diefenbaker: That information was not given.

Mr. Fournier (Hull): Because it is not under this item. I cannot understand why hon. gentlemen do not want this item to go through so I may discuss the details of the other items. We are now on the general item, and I am going to give you general information. If you want the details let us get to the items.

Mr. Diefenbaker: The minister need not worry about our not wanting it to come up. I want it to come up, and the people of Saskatchewan want it to come up.

Mr. Fournier (Hull): I am anxious to have it explained.

Mr. Diefenbaker: I shall deal with it when we come to the item, but at the moment I am trying to find the general principles. Where is the efficiency in a department that permits the payment to the Lunam Construction Company of an amount so large and so much in advance of the progress of the work that before these works can be completed it will cost over $170,000 extra. I have sent for the documents. The minister said he had them, and I shall be very glad to go over them.

Mr. Fournier (Hull): The hon. gentleman put the questions to us and we answered them. They are in *Hansard.* I have my own copies here which were prepared by the department. When the hon. gentleman comes here to discuss a case he should have the questions and answers that he received in the house. I do not think I should be called upon to do that for the hon. gentleman. I have my own file here, but I am not going to do his work at the same time. That is up to him. The general principle is to obtain tenders and to obtain the security I have given. Progress payments are made on the affidavit of the contractor and on the reports from our officials in the field, and we keep 10 per cent of the amount certified.

Mr. Diefenbaker: Do you also have bonds in order to protect you?

Mr. Fournier (Hull): Ten per cent cash deposit. That is done under every contract.

Mr. Diefenbaker: All right; the 10 per cent cash deposit does not begin to cover the amount owing to material suppliers. My contention is that if the government in the building—

The Deputy Chairman: Order. I understood the hon. member for Lake Centre was

directing his remarks to the general item. He asked a question of the minister as to the principle followed by the department with regard to bonds. That question appears to have been answered. If there are other general remarks which the hon. member wishes to make they are perfectly in order but, as the minister has pointed out, there are items under which particular questions might more properly be asked.

Mr. Diefenbaker: The technical question, as far as I am concerned, arises out of the editorial the minister read yesterday with such glee and happiness, and I can understand that. It was not synthetic happiness; it was real joy on being commended. I am just trying to find out the basis upon which the editorial was written, and whether or not if the one example that I mentioned, the Lunam Construction Company of Saskatchewan, had been brought to the attention of the editorial writer he would have been quite as fulsome as he was. What I am trying to ascertain in general is the extent to which the Department of Public Works protects the suppliers of materials that go into the construction of buildings and projects. In other words, if a supplier of cement, bricks or fixtures were to supply them to a private contractor, provision would be made for a certain amount to be held back, as you know, Mr. Speaker. It is not paid immediately in order to protect honest, decent suppliers who have supplied materials.

In the case of the Lunam Construction Company various companies furnished supplies, and the amount still owing for those supplies runs to about $170,000. The Department of Public Works received the advantage of those materials that went into those buildings and projects, being part of the Department of Public Works. The minister has said that contracts were let by tender. I can understand the Lunam Construction Company getting the contracts, because if you tender so low that you are the lowest and then do not finish the work, no great harm has been done to your company.

The minister says that on the contracts which are let by tender 10 per cent is held back. My next question is: Are contractors required to produce receipts showing that the materials supplied have actually been paid for before, as the result of progress reports, progress payments are made? If not, the government of Canada and the Department of Public Works are in an advantageous position not enjoyed by the ordinary house builder or factory builder who, before he can make payments to the contractor, must hold back a reasonable amount.

My question is simply this. Is there no regular and accepted practice whereby no contractor is required to produce receipted bills from his suppliers of materials such as lumber, cement, bricks and all the other things that go into a building? That, I should think, would be an ordinary precaution, and one that should be adhered to. Otherwise people dealing with contractors would do so at their own risk; and that should not be the case in connection with contracts of the government of Canada. It is not the case when one deals with a private person, and surely the government should not be in a better or higher position than the individual in that regard. I would ask the minister to explain the situation with regard to requiring receipted bills before payments are made in advance.

[The Deputy Chairman.]

Mr. Fournier (Hull): I suppose, if I am to be quite polite, even in the discussion of the general item, I should follow up all these different points, although I think they refer to a specific project.

Every month, on special dates, a contractor makes progress reports as to the work done and the materials employed, and gives us a list of those who have sold him materials. That list is part of the progress report, and it is accompanied by an affidavit of the contractor. On that we send out our cheque, less a 10 per cent drawback. We have a 10 per cent security.

In this special instance I will tell the hon. member right now that we had eight contracts with this firm as the lowest bidder, on which it made its regular deposit, and progress was made with the works. He completed five jobs out of the eight. He stopped work in 1952. I understand that as the result of an automobile accident both his legs were broken. We never had received from anyone a claim against the contractor, up to that date.

Mr. Diefenbaker: No; you had paid the money out.

Mr. Fournier (Hull): People sent in their bills to the contractor who, in his affidavit, swore that they were paid. Up to that time there was no difficulty at all, and no claim from anyone. We had five out of eight buildings completed. The man suffered this accident and was laid up in hospital for months. At that time we had information that he could not continue, because he was the principal owner of the firm. He acted as contractor, superintendent of works, and everything else. We were left with three uncompleted buildings; and from then on we told him we would keep the deposit, keep the drawback and continue the work on those three jobs.

On the Fort Qu'Appelle Indian hospital the contract amount was $336,264.79. The security deposit held was $31,831.80. The balance unpaid to the contractor was—

Mr. Diefenbaker: What was the security deposit?

Mr. Fournier (Hull): It was $31,831.80. The payments to the contractor that had not been made amounted to $40,202.01. On that contract we have on hand, with the exception of the amounts we may have paid since, the sum of $72,033.81.

On the Regina, Saskatchewan, unemployment building the contract was $215,597. The security deposit was $21,222. The amount still held by the department on that contract, and unpaid, is $42,420.61, making a total of security deposit and amounts still held of $63,642.61.

On the Fort Qu'Appelle public building the contract was for $132,787.25. The security deposit was $12,900. The amount held by the department on the balance of the contract was $29,033.25, making a total amount of $41,933.25.

On those three contracts that were not completed by the Lunam company we held a total of $177,609.65. To complete those three jobs will cost $174,051.43—

Mr. Diefenbaker: How much is owing to—

Mr. Fournier (Hull): —leaving a balance of about $3,560. That is the situation in our department. The hon. gentleman says—

Mr. Diefenbaker: How much is owing to the contractor?

Mr. Fournier (Hull): Have you had your say? If so, would you just allow me to continue? Up to the date of this accident to Lunam we had never received a claim from anyone. After it was known that the man was in hospital and that he was not continuing on the job, we did receive some claims. I do not know their exact total, nor do I know whether they are justifiable claims. I do not know if they are claims that could be brought against Lunam himself, or could be proved in court. But what we undertook to do, with security which the hon. member says is not sufficient, was to complete those three buildings at the amount contracted for.

Now, I suppose in Saskatchewan, as in Quebec, you must have some statutory liens.

Mr. Diefenbaker: You cannot put mechanics' liens against government property.

Mr. Fournier (Hull): Why?

Mr. Diefenbaker: Because you cannot.

Mr. Fournier (Hull): Can you not notify the department, as you would in connection with an ordinary man making a contract, that this contractor owes you money? Is that not the ordinary way you would do it? As I say, up to the time of that accident there were no claims at all.

Mr. Diefenbaker: What is the total amount claimed since?

Mr. Fournier (Hull): I would not dare give the amount because they are not substantiated. We have no evidence as to what the claims are. Why did not some of those creditors put this man into bankruptcy? I am surprised that they did not even try to put the company into bankruptcy. I cannot put the man into bankruptcy. I have the amount necessary to complete the jobs.

I am protecting the government. The hon. member says, "You should be protecting everybody who is selling material to contractors". I wonder if under the statute I am administering that is one of the duties of the Department of Public Works. My duty is to see that we get value for the money we spend. We follow a system of calling for tenders. If you wish to find fault with the amounts I have given you, I suppose you can try, but I do not know how you can prove it.

Suppose there are claims against the man. Does the hon. gentleman know that he is insolvent? Does he know whether he has made a petition to go into bankruptcy? Does he know what his assets are? I do not need to do that; I have the money. How are you going to blame my officials or me? Once I have given a contract, once it is signed and I have the security deposit and the drawback, the buildings are completed and delivered to us. Where is the fault to be found with that? What fault can you place on my architects and officials because some claimant in that district did not put in a claim in proper time? That would not stand up in any court under the statute under which we operate. I do not know of all these projects myself and must rely on my officials, but I do defend what we have been doing.

Mr. Green: I think in his argument the minister has overlooked two important points. In the first place, he says in effect that if these people who supplied the materials and I suppose also those who worked for wages had wanted to protect themselves they should have notified the Department of Public Works. Let us follow that a little further. Suppose they had done so, and suppose the amount of the claims which had not been paid totalled $100,000 and the minister had only $5,000 left of these drawbacks on the projects which were not completed. He knows just as well as the rest of us that he would not pay anything to those creditors except perhaps the $5,000. They would not have been any further

ahead by having notified the department that they had not been paid.

The second basis on which his argument is quite wrong is that he intimated that all the department gets from the general contractor is a record of the work, and I think he went so far as to say a statement of the people who had supplied the materials. He did not say that they looked at the receipts in the hands of that general contractor. I say that is the great weakness. I do not know why the department should be willing to make these payments without checking the receipts.

There is an inspector on the job. In connection with each contract there is a representative of the Department of Public Works checking the job from day to day. It should be part of the duties of that representative to see the receipts in the hands of the general contractor. When a person is building a house or a plant and has an architect in charge it is the duty of that architect, at least in British Columbia, to see that the bills are paid before he gives a certificate on which the general contractor receives his pay.

Apparently the Department of Public Works does not do that, and I think that is a serious defect in its procedure. If in the case of these contracts the Department of Public Works had insisted on checking the receipts for the materials supplied and for the work done on a wages basis this difficulty would not have arisen. The whole situation seems to boil down to the fact that the government of Canada is benefiting at the expense of the people who supplied materials and who actually did the work.

Mr. Fournier (Hull): You do not want my departmental officials to follow the contractor when he goes in to buy a keg of nails. We cannot do that. If we had to follow this contractor in connection with every transaction he made with people who were selling materials it would be completely out of the ordinary and beyond any practice followed in the construction business.

Mr. Green: That is what the architect does.

Mr. Fournier (Hull): Are we to follow him when he goes to a corner store to buy a handful of screws or nails? Oh, no. That is not what is done. Let me tell my hon. friend that I have had a little more experience than that. I cannot tell a contractor that he must buy here or there and pay so much. What we get from the contractor in order to protect the public is a sworn affidavit when he asks for a progress payment. He signs an affidavit that the amount asked for is necessary in order to pay the bills. His affidavit is appended to the progress report. This developed rather oddly. There was an article in the Regina *Leader-Post* which indicates that this man seems to be angry at somebody. The article states that the bankruptcy report was denied by D. Harvey Lunam, proprietor of Lunam Construction Company. He denied that his company is bankrupt and that it owes $167,481 to the public as alleged in a government return which had been tabled the previous Monday in the House of Commons. Does the hon. gentleman want me to get into the fight between the contractor and these people? This man says he is not bankrupt and does not owe these amounts.

Mr. Diefenbaker: That is the Regina *Leader-Post?*

Mr. Fournier (Hull): Yes, some time in January, 1953. Why bring poor me into this controversy? The man says he is not bankrupt and the other fellow says "Pay me what you owe me for materials". What I am here for is to get money from parliament to be used on different contracts according to the law. I am here to see that the contracts are executed and the work completed with the money voted by parliament. I am dealing with hundreds of contracts all over the country.

If I were living out there and some of these chaps who have claims against Lunam came to my law office after I had seen this report where he claimed he was not bankrupt, I would tell them to get after him and try to put him into bankruptcy. But that should not be done on the floor of the house.

Mr. Green: The minister is taking the position that all his department needs to do in the case of a contract such as this is get an affidavit from the contractor; and if that affidavit stating that he has paid his bills is not correct, it is just too bad for the man who has supplied materials. Is that the position the minister is taking?

Mr. Fournier (Hull): When we make a progress payment it is to enable him to pay these bills, and he swears he has paid them.

Mr. Green: In effect you pay the contractor before he pays.

Mr. Fournier (Hull): Who am I going to pay? I cannot go out and pay these chaps, because I do not even know them.

Mr. Green: You pay the contractor before he pays his bills. That is what the minister has just said.

Mr. Fournier (Hull): He says on the affidavit, "Here are the bills I have now paid, and I want to be paid by the government".

Mr. Green: Does that mean that the Department of Public Works pays the contractor before he pays his debts? I think that is a most improper procedure.

Mr. Fournier (Hull): We do not.

Mr. Diefenbaker: The minister ended his remarks by saying that if the buildings are completed the department would still have $3,500, but after all the government has received in the way of materials that went into these buildings well over $150,000. I am going to give the exact figures. The government has accepted the materials and the minister now says, "We accepted the affidavit of Mr. Lunam who was injured in some accident". In order to establish his case, instead of producing correspondence from the Lunam Construction Company that it was not bankrupt, he reads from the Regina *Leader-Post* to the effect that Mr. Lunam objected to an article in that newspaper written by Mr. MacKay to the effect that the Lunam Construction Company was bankrupt. Mr. Lunam said: "We are not bankrupt. We still have money coming from the dominion government".

I am going to place figures on the record and ask this committee whether or not it can absolve the Department of Public Works of failure to protect honest suppliers of material. The minister says, "Why don't you use the mechanics' lien act?" Well, if I know anything about the law of Saskatchewan, mechanics' liens are inoperative against the crown in any particular. That has been held to be so on more than one occasion.

The minister says, "We had no complaints from those suppliers up to February, 1951" —or 1952; I am not sure which year. Certainly they had no claims at that time; there was much work to be completed on those buildings, and the suppliers of materials naturally expected that before payment would be made to any contracting company they would be protected. The minister says: "We took the affidavit of Mr. Lunam. Do you think we should have gone beyond that?"

All I can say is that Mr. Lunam, having defrauded Saskatchewan suppliers to the extent of over $150,000, cannot be proceeded against by the suppliers. No offence was committed in any declaration he made in so far as they are concerned. The declaration he made that was false, if it was false, was made to the Department of Public Works in order to secure payments. There was where the false pretence was perpetrated on the Department of Public Works. On the other hand, where were those architects and engineers? They saw this material being supplied. They were present. They signed reports from time to time. They were either watching what was going on, in which case they should not have signed those reports and approved them; or they were not watching and did not discharge their responsibilities.

Here is the record. The company contracted to build the new Indian hospital at Qu'Appelle for $336,000. It received $296,000 on account and there is still some $61,000 owing to lumber yards, merchants, supplier firms and the like.

Mr. Croll: Have you got judgments?

Mr. Diefenbaker: And in order to complete that building, if the government were to pay for the materials it secured it would still cost $80,000.

The public building at Fort Qu'Appelle was to cost $132,000, the minister says, and that is correct. The company was paid $103,000 and there is still some $40,000 owing to suppliers of materials that went into that building. In order to complete the building an amount of $37,700 would be required. The minister says, "Well, we gave the contract to Lunam Construction Company because it had the lowest tender." Why would it not have? It did not pay the suppliers. It pocketed the value of the supplies that went into the building. Why would the company not be able to tender low?

I move to the next one. It is the unemployment insurance commission office in Regina. The contract was let for $245,000. The sum of $180,000 was paid on account and there is still $58,000 owing to the suppliers. That does not cover wages paid by the government, wages paid to men who worked and were properly protected. But hear what the attitude of the minister is: "Do you expect us to pay for something we did not get?" The point is that the government did get those materials, and the point is that it allowed Lunam Construction Company to receive payments that were not justified, thereby excluding the possibility of recovery by those suppliers who furnished materials because it was the Department of Public Works or some other government department for whom construction was being proceeded with.

As far as the unemployment insurance commission office in Regina is concerned, payments on the contract were made to within $35,000 of the full amount, and it would take $90,000 more to complete that building if the suppliers were paid. The minister says, "Well, you would not expect me to waste the people's money." No, I do not; and I do not know one of these suppliers personally.

An hon. Member: No?

Mr. Diefenbaker: The Minister of Citizenship and Immigration may laugh, but I do not know any of them. No; and I do not mix my parliamentary duties with my responsibilities as a lawyer in any way; let that be clear to him. However, I do make a plea on

behalf of those merchants who believed that the government would be as efficient as one would expect a private contractor or builder to be, and that they would be protected.

The minister has taken the stand that for them to be protected would be wasting the taxpayers' money; but they having been defrauded and lost what was rightfully theirs, there is a moral obligation upon the government of Canada to pay them. They are defrauded because of the fact that some people in the Department of Public Works did not do their job—some officials, architects and engineers—and goodness knows we have enough architects. I think there are 80 in the various departments of government, and in addition hundreds of thousands of dollars are being spent for architects outside the government service. There are enough architects and there are enough engineers. The expenditure last year for special services was approximately $7 million in addition to the cost of those architects and engineers in the government service. There are enough of them to assure that ordinary business practices are applied.

The Lunam Construction Company, without assets, has been a great favourite of the government for the last several years. The story of the company in the province of Saskatchewan is no tribute to the Department of Public Works in so far as its officials in Regina or the western provinces are concerned, nor in so far as those in authority in Ottawa are concerned. One would think that they would not pay a contractor so far in advance of the work performed. It should have been apparent that the work had not been completed to the extent that the progress reports showed. Nevertheless the payments were made, and I will say no more at this time. I repeat, however, that one expects a higher degree of responsibility on the part of officials in the minister's department. One could be an amateur and see that the work had not been completed to the extent of the progress payments.

This work for the Department of Public Works was just a segment of the building activities of this company, because it was a favourite of some other departments as well. To complete these projects the following amounts would have to be spent: For one job, $99,000; for the second, $37,000; and for the third, $80,000. Those are the figures if the materials that went into the buildings were in fact paid for. I am not going outside the minister's department but this company also built for the Indian affairs branch.

Mr. Fournier (Hull): Would you wait until that department is called?

[Mr. Diefenbaker.]

Mr. Diefenbaker: This has nothing to do with the minister, but in the Indian affairs branch this company had the same magnificent record of waste in so far as the rights of the individuals to be paid are concerned.

The excuse given by one member of the company, that Mr. Lunam was injured, has little reference to the responsibilities of a limited company that had available to it, and always had available, a group of servants and officials to carry out the work that Mr. Lunam was not carrying out even before he suffered the accident referred to. I think the minister should give consideration to the issuing of orders to his department that payment should not be made to contractors until every assurance has been provided by the contractor that the suppliers who honestly supplied the materials have been paid. Only then should the contractor be permitted to get his hands on the money. In reality the money should be held in trust by the department for the benefit of the suppliers. With that, I have nothing more to say.

Mr. Fournier (Hull): Even if I am anxious to see this item go through, there was one sentence I would not allow to go by without challenge. It was that we are wasting the people's money.

Mr. Diefenbaker: I never said that at any time. I said the result is waste to the individual who supplied the material.

Mr. Fournier (Hull): Now, the way you would act as Minister of Public Works would be that on every project you would have men follow this contractor when he purchased materials for the building, then follow up and ask the merchants or suppliers if they had received their money. You would do that, but we do not do that. I will admit it. I have not the staff to do that with all our contractors. I ask parliament for an amount of money, and I follow the statute to the letter; that is my responsibility. If it is not followed, then it is done without my knowledge and as yet I have not found instances of that.

In this case I was advised some months ago that three jobs were uncompleted. I said, "Have you got the security deposits? Have you got the 10 per cent drawback? Have you got enough money to complete the job?" The report I made this afternoon was the one that came to me. Now, am I going to go around changing the system, and saying that it should be the way the hon. gentleman suggests? What I find peculiar is this. If there are so many claims against this contractor, and he says he is solvent, then why come to me? He has the money. He says he has. He is not broke. He is not

bankrupt. You have a claim against him, so why come to me? I am using the money parliament voted to build this building, and I am going to build it.

Mr. Green: May I ask one other question on this point?

Mr. Hosking: I should like to take part in this debate. I do not think it is right for a lawyer to stand up in this house and criticize the architects and engineers for the part they played in the building of this structure. There has been no word of criticism in regard to the design. There has been no word of criticism in regard to the safety of the construction. Those are the responsibilities of the engineers and architects. For a lawyer to stand up in this house and suggest it is an evil thing, is not proper.

I hope the hon. member takes the position that the government should let the contract to the lowest tender. The minister says that was done.

Then the hon. member made one very startling statement which did not balance up with the rest of his statements. He said the suppliers were placed in the position of dealing with a company without assets. Certainly it is the suppliers' responsibility to see they get paid. I have every sympathy with the local people who supplied the materials, but they are the only persons who are able to keep a check on the person with whom they are dealing. At the first sign of anything wrong they should inform the department that they have not been paid. If this had been done right away the necessary precautions could have been taken to prevent them losing any money.

It is all very well for any member who has not the responsibility of government to stand up and say the government should do all these things because of someone else's mistake, but this government is trying to keep costs down. They cannot do that if people do not accept their own responsibilities. It is not economically sound for any member of the opposition to stand up and say the government should pay this money because the local suppliers, who could check on the contractor with whom they are dealing, were not paid. These local people should know better than anyone else whether or not the contractor is going to pay his bills.

Mr. Green: There is one other question I should like to ask the minister in connection with the practice followed by his department. He has said that the department does not require the general contractor to show receipts before payments are made. Apparently all that is required is an affidavit from the contractor, and on that affidavit payment is made. I pointed out a few moments ago that I thought that was a poor procedure to follow. It is not the procedure followed in ordinary civilian life by a person having a building constructed. In that case the architect makes the general contractor produce his receipts before it is possible for the contractor to get payment. At any rate that is the practice followed in British Columbia. The architect does not have to rush around to the hardware store to follow up each item. The contractor produces his receipts, and the architect can tell pretty well whether or not the goods that have gone into that building have been duly paid for.

Now, I think the department is wrong in not making the general contractor produce receipts. Let us go on from that point, however, and for the purpose of argument let us say the practice the department is following is correct. I do not think it is, but let us go one step further and say that the practice is correct. When the department does get this affidavit payment is made to the general contractor, who is supposed to pay off the subcontractors. Does the Department of Public Works make any attempt to follow that money in order to see that these subcontractors are paid out of the money which has been put up by the department, or does the Department of Public Works wash its hands of any further responsibility?

Mr. Fournier (Hull): Let me put this question to my hon. friend. I buy an overcoat or anything else, and I pay for it. I get the overcoat. Do I follow up the payment to see if the storekeeper has paid the wholesaler for that overcoat? I put it on and pay for it. In public works when contracts are given, am I going to follow up the contractor in his private business? You cannot ask that of the department, nor of the officials. Bankruptcies occur in normal business, and this is in the normal course of business. If someone has any claim against the contractor, why bring in the government? We got the building and the contractor received the goods and supplies. If I were to follow these suggestions I would turn the department into a collection agency, an accountant's agency and an inspection agency.

This man may have contracts outside of the government, with private enterprise. Are we to follow him in the purchase of all his materials? Really, I want to be fair to the argument of the hon. gentleman, but if you try to put that into practice you will not be asking me to run the Department of Public Works, you will be asking me to run all these branches of a collection agency for every man who sells material. Then I would have to follow it up and see if this material

was really supplied for this job or a different job. I know the suggestion was made by my hon. friends with the best of intentions, but the job would be overwhelming for my department with the staff I have.

Mr. Green: It is quite clear from the minister's answer that his department accepts no responsibility for seeing that these payments which are made to the general contractor are used to pay off the subcontractors.

Mr. Fournier (Hull): I did not say that. Suppose we had received claims from people before the man went out of business or stopped work. The officials of the department would have taken notice of that, but not of a claim made two months or three months after the man is out of business. People come along and say, "He owes me money". This poor man says he does not owe him. Am I going to be the judge? No, not now.

Mr. Green: I will tell the minister what his department could do and what they should do in all fairness to everyone concerned. Let him have his inspectors require the general contractor to produce a receipt for payment in connection with the materials. Then when that receipt has been obtained, let the department pay the general contractor. If that is done no one will have any further complaints. This is particularly necessary in the case of a government contract, because the people who supply the materials and earn the wages are not entitled to a mechanic's lien which is their great protection in the case of a contract by a private firm. In the second place, it is particularly important with a government contract because a person, in supplying materials to a man who has a contract with the government, would naturally believe that everything would be done in a businesslike way. I suggest to the minister that he instruct his departmental officials that from now on they make payment only after receipts have been produced for the materials supplied.

Mr. Fournier (Hull): Mr. Chairman, I am ready to take the suggestion made by the hon. member and study it. If I had a copy of the contracts we sign with these contractors—I have not a copy here—or of the form of our contract covering nearly 60 different sections—I would show it to the hon. gentleman and say, "Here is what the law provides for, not only the general law but the law between the parties, and we follow that law to the letter." I think I am fulfilling my responsibility and duty when I follow up the contract we have signed, that has been approved and that has been maintained by all the courts of the land for years.

[Mr. Fournier (Hull).]

I sympathize with the poor man who sold some material and was not paid for it. But I cannot sympathize with him much more than I would with the storekeeper who sells to another contractor on a private contract and loses. I would not have time to do my work if I were sympathizing with everybody who loses money in the contracting business. When you look up the list of bankruptcies in the country you see that a good many of them are contractors. Although they think they are going to make money when they sign a contract, they lose money. I am ready to continue this discussion on my estimates, on the first item and in the general discussion; but I do not think at this stage I would change my mind as to our contracts. I may suggest to my officials if they have the staff to run around—

Mr. Diefenbaker: You have staff enough.

Mr. Fournier (Hull): What does the hon. member know about it? How many have we of staff? Has he any idea?

Mr. Diefenbaker: In Regina there is staff enough so that if they had been efficient, they could have protected people.

Mr. Fournier (Hull): How many architects, draftsmen and superintendents are there? How many have we? The hon. gentleman is a good lawyer. Why should he assert things like that? I told him to read the blue book before.

Mr. Diefenbaker: You are the minister.

Mr. Fournier (Hull): Certainly; and I know far more about it than does the hon. member.

Mr. Green: We would hope so.

Mr. Fournier (Hull): If the hon. member wants to go into these details, let him prepare his case better, because I think I would need more staff to do the work hon. gentlemen opposite are asking to have done. I may ask treasury board for more staff, and then I will ask for an increase in my estimates to pay that staff and the estimates of the country will be increased; and if I pay these amounts to the people who sold these materials, I am going to ask for more money in our supplementary estimates and we will bring up our estimates to a higher figure.

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

Mr. Fournier (Hull): Certainly.

Mr. Fulton: Will the minister explain why it would require an increase in his staff if he required the contractor to produce a receipt? It seems to me that the suggestion which has been made does not impose any greater duty or burden on the minister's staff. It merely

imposes perhaps a greater burden on the contractor, namely that of producing a receipt before he gets paid. Will the minister tell us how that would impose an extra burden on his staff?

Mr. Fournier (Hull): The answer to that question is an easy one. If I am doing business with an honest man—and I am not speaking of this case, I am speaking of anybody; it is a general comment—and he signs his affidavit that he has paid these bills, even if he gives his word we do not take that in public works; we need the signature. Don't be afraid; if you are dealing with somebody who is not honest, then you can ask for receipts and you can ask for this, that and the other thing, and if he does not find a way of fooling you, I lack experience in human nature.

Mr. Fulton: That does not answer the question.

Mr. Green: But the loan companies—

Mr. Fulton: The minister has not answered my question.

Mr. Fournier (Hull): Oh, I told the hon. member that I would take that suggestion into consideration.

Mr. Fulton: Yes, but the minister has answered the suggestion by making another suggestion, namely that it would impose an increased burden on his staff. I asked him to explain in what way it would impose that burden because he has just now said that they ask for an affidavit before they make payment. How would it increase the burden on the minister's staff if he asked for receipts to be attached to that affidavit? There would be no extra burden on his staff.

Mr. Fournier (Hull): I will just give the hon. member one instance. This receipt is only a receipt. I would have to have officials to go around to verify the receipt. You can push this argument to the point of absurdity. Do you think it is the time right now to argue the matter? I should like to take a case on these matters in court, but I do not think I can in parliament; I have no judge here.

Mr. Fulton: When I ask the minister if he really thinks it would impose an extra burden on his staff—

Mr. Fournier (Hull): I do.

Mr. Fulton: He has not given us any evidence or any reason to show that it would impose that burden. He answered my question by making another supposition. I asked a simple question. Would the requirement that, in addition to an affidavit, there should be the production of a receipt impose any extra burden on the minister's staff?

Mr. Casselman: The answer is no.

Mr. Fournier (Hull): I am going to tell my officials to consider that matter, but there is a remark made by an experienced man. He says that every two weeks, when you had progress payments, you would have these fellows' receipts and you would have to check up on those receipts and with the one who signed the receipt, to see whether everything really is aboveboard. As I say, we take human nature as we find it, and assume that these are honest people. That is the way I deal with the matter. We take their oath, their signature. I take their lists. I get no complaints. I pay. If the man breaks his leg and two months later I get a complaint, I say, "Do not pay any more money; keep that security deposited; keep the drawback, and we will complete the job and show the country that we have a building for the money they have voted."

Mr. Green: I would point out that the loan companies always require the production of receipts in addition to an affidavit.

Mr. Fournier (Hull): Do they ever lose money?

Mr. Green: Occasionally, yes. But I think the Department of Public Works should at least follow that same practice of calling for receipts. Another suggestion I make to the minister is that he have a look at his contract form and have inserted in it a provision that the payments will be made only upon production of receipts. It may be that he already has that provision in his contract form. I should be greatly surprised if it is not there now. But from what the minister has said, it is obvious that if that provision is in the form the practice of the department is such that the provision is not being followed. I would suggest that the minister have his contract form checked.

Mr. Fleming: May I ask the minister if there is in his contract any provision that it shall be the obligation of the contractor to see that the subcontractors are paid, and also the wage earners and suppliers of materials? Is there any provision of that kind in the contract?

Mr. Hosking: Mr. Chairman, I should like to ask a question.

Mr. Fleming: Just a minute. I am waiting for an answer.

Mr. Fournier (Hull): I understand from the officers that there is a clause in which he undertakes to pay those who sell him materials. That is his obligation.

Mr. Fleming: Quite so. He has an obligation to them, of course. But by making that provision in the contract it becomes an obligation on his part to the Minister of Public Works. That is the point I was getting at. Apparently the contract so provides.

There has been no reference to this, but I think it is implicit in what the minister said earlier this afternoon, that it is not the practice of the department to require on the part of the contractor a performance bond.

Mr. Fournier (Hull): It is a cash deposit.

Mr. Fleming: Yes. The minister spoke of the 10 per cent cash deposit and also the 10 per cent holdback against current payments. I think what would help to meet the situation here, and would be very useful for the department, as well as of great assistance in cases of this kind in protecting materialmen who are denied the ordinary protection of the mechanics' lien acts of the provinces, would be the requirement that the contractor file a performance bond. If you have a bonding company standing behind a contractor and you have that provision in the contract which would require that the contractor bind himself to the Minister of Public Works to pay the materialmen and the wage earners and his subcontractors, then you have assurance on behalf of your materialmen and your wage earners that they are going to be able to collect. In that way your subcontractors are going to be paid.

It seems to me there is a great gap in the present practice when the department does not require the filing by the contractor of a performance bond by some surety company. That is very general practice in private life with large construction contracts. I think it would be of very great value to the department itself as well as to those who are subcontractors of those who are contractors of the department.

Mr. Fournier (Hull): There is something in that argument of the performance bond. I understand that it was studied by those in this line of business, but in the past those bonds have always been refused. We do not accept them; we ask for a cash deposit of 10 per cent of the amount of the contract or tender from the companies that tender.

I understand that this question of a bond is being studied. I would not see any serious objection, but I do not think the protection would be greater for the government than the cash security deposit. Take this instance where unfortunately the man did not complete the contract. We had the money to go ahead, and we did it. In the contract in question, if we did lack some money to complete it we would have our recourse against the contractor for the balance. That would be all right if he were solvent. If he were bankrupt we would lose, probably, but we do not lose very much money in our contracts. I may tell the hon. member that there are not many cases where we lose money.

Mr. Croll: Will the hon. member for Eglinton tell us how a performance bond would be helpful to the Lunam contractors under these circumstances?

Mr. Fleming: In view of the term in the contract about which I asked the minister a question when I rose to my feet. If it were not a provision in the contract the department has with the contractor that the contractor engages to pay his subcontractors and thereby incurs an obligation to the minister to pay them, then the performance bond would be of doubtful value as far as subcontractors are concerned. Even then it would be of value to the department, but in view of the fact that there is a provision in the contract that the contractor undertakes as an obligation to the minister to pay his subcontractors, then the performance bond would be of very definite value. That prompts me to ask another question of the minister.

Mr. Croll: Would you get a performance bond under these conditions?

Mr. Fleming: Yes, I think you would; and I think this, and I speak from some experience in such matters. I think it would be of very definite value also in eliminating people who are tendering who are not potentially solvent. You would not find surety companies agreeing to give performance bonds to people who are not solvent, and I think it would represent another measure of guarantee against a situation of this kind arising in the future.

There is one other aspect to this subject that I should like to raise. I think the minister can see that the materialman who is supplying material to a contractor with his department is not in the same position as a materialman who is supplying material to a contractor on private property. He is denied the normal benefits that flow to the subcontractor, the materialman and the wage earner under the mechanics' lien act. In these circumstances it seems to me that in all fairness something more is required on the part of the department than just to say, "We will take no responsibility. We will just treat this as we would if the structure were being built on private property".

It may be all very well for the owner in a case of that kind, where the land is privately owned, to say, "Well, you materialmen, you must protect yourselves. You have the mechanics' lien act." This is a different situa-

tion and, Mr. Chairman, it is quite evident that whatever may be said for the 10 per cent deposit or the 10 per cent holdback as a measure of guarantee to the department, we have abundant evidence in this case that it has left a great gap in the security extended to those who ought to have some consideration from the department by reason of the fact that they are denied the normal protection of the mechanics' lien act of the province.

There is one further matter about which I should like to question the minister. In view of the terms of the contract which he mentioned in reply to my first question, it is evident that, even though there was sufficient in the deposit and the holdback to enable the department to complete the building in this case, there still has been a breach of contract on the part of the contractor if he has broken that provision of his contract under which he obligated himself to pay to the materialmen and the wage earners the money due them. What action, if any, has the Department of Public Works taken with reference to that breach of contract?

Mr. Fournier (Hull): We are trying to complete these three buildings. That is the first thing I had in mind, to see if we had enough money. We probably will not be through with this gentleman when we have completed the job. We will know exactly where we stand then. We shall assure ourselves whether or not he is really solvent.

Mr. Fleming: Did I understand the minister to say that the buildings were not completed?

Mr. Fournier (Hull): Two out of the three are completed and the other is being completed, and I have given the hon. member for Lake Centre the amount necessary to complete it. This is the way this case strikes me as a lawyer. Here is a man who stopped doing the work some time ago, sometime in January, as I explained.

Mr. Croll: In what year?

Mr. Fournier (Hull): In 1952. We received no claim from anybody before that. He had stopped doing the work for I do not know how long, two or three or four months, and then we started getting claims. Now, even if these people were entitled to collect under the mechanics' lien statute the time for registering their liens would have expired by that time.

Mr. Diefenbaker: They cannot file a mechanic's lien against the crown.

Mr. Fournier (Hull): I know, but even if they had the right against the government the time had expired. The man stops work, and they wait for two or three months before we hear of a claim. Even if they were entitled to all the benefits under that statute, their delay in putting in their claims would have barred them.

Mr. Green: Not if the building was not completed.

Mr. Fournier (Hull): If the delivery had been made before.

Mr. Green: No, not in British Columbia, at any rate. It may be that way in Ontario.

Mr. Fournier (Hull): I am not going to go into that, although it is interesting as a legal point. All this discussion should prove one thing. Even if you can blame my officials in certain instances, they try to get the work done according to the contract and the amount of money we have asked from parliament. I think I have to give them credit for that. They are not perfect; they may have defects, but they are quite loyal and frank with me, and I think I know almost everything—well, I would not say everything—that goes on in my department. When they have difficulties they bring them to my attention. Here is one of the difficulties they had. I was acquainted with it, and that was the procedure we followed.

Mr. Graydon: It occurs to me that something depends upon what was said in that affidavit. Has the minister gone carefully into the affidavit that was taken? If so, is there anything wrong with it, or is it exactly in accordance with the facts?

Mr. Fournier (Hull): My deputy tells me it is the ordinary form of affidavit that is mentioned in the Consolidated Revenue and Audit Act. Personally I do not see them, but that is the information I have.

Mr. Graydon: I seems to me there is a real problem involved here, if the affidavit is contrary to the facts which obtained at the time it was taken. Some responsibility rests with the government as to what steps it will take.

Mr. Browne (St. John's West): One further question—

Mr. Graydon: No, I should like to have the minister give me that information, because it is important.

Mr. Fournier (Hull): I have not looked into that aspect of the matter. What I had in mind when this matter was brought to my attention was to have completion of the buildings with the money we had on hand. At the time I did not even know there were claims coming in. I said, "Now, get the estimate, and see what we can do with that money." The report came back that we could complete the three buildings with the money we had from the security deposit and

the holdback from payments. That was the practical thing I had in mind. This afternoon I have given the result. As to the other point, well, I must confess ignorance. I have not given much thought to it.

Mr. Graydon: At some other stage will the minister give the information I have asked for? I think it is of much more importance than appears on the surface.

Mr. Fournier (Hull): I will; but at this stage I would not know the decision of the department as to what proceedings we would take against the man. I would not go that far. I would have to consult the Department of Justice. We would bring it to their attention and they would advise us as to the procedure to be followed, if any.

Mr. Graydon: The minister does not have any objection to giving us a copy of the affidavit sworn by the contractor, has he?

Mr. Fournier (Hull): I shall look into it.

Mr. Croll: I have been listening to the discussion, and I wonder if I am right in my belief that during that discussion someone said there were no judgments against this man as a result of the debts owing. Am I correct in that understanding? When he was discussing the matter the hon. member for Lake Centre did not indicate that there were any judgments, and from what the minister said I gathered there were no judgments. Am I correct?

Mr. Diefenbaker: I cannot answer for the minister, but my information is that the only asset this company had was a house owned by Lunam at the time he ceased work, and that he transferred that house to his wife. So I think the assets were pretty well cleared away. But that does raise a question I should like to ask the minister. He was able to advise the house, on the basis of an article in a Regina newspaper, that Mr. Lunam was not bankrupt. In that article Mr. Lunam said he was not bankrupt.

In view of the fact that claims from suppliers approximating $170,000 have been sent to the department—and the information I have as to the amount still owing suppliers came in an answer furnished by the minister in the house—has the minister been in touch with the Lunam Construction Company to find out what assets they have, and whether they will make payments? That would appear to be a most salutary course to follow, rather than to ascertain through the medium of a press interview that Mr. Lunam was not bankrupt. And if the minister has been in communication with the Lunam Construction Company, will he place before the committee balance sheets showing, among other things, the indebtedness of the Lunam Construction Company, and to whom. If the minister has that statement we would like to have it.

Mr. Fournier (Hull): Replying to the first question, the hon. member has said that the only asset Lunam had was a house. He will understand that Lunam tendered on contracts amounting to $1,200,000. One sure thing is that we held back 10 per cent, which would have amounted to $100,000. We must have had that much from him. I do not know where he got it, but he must have had some assets or he would not have got those contracts just by attaching his cheque to the tender. We never ask more than a 10 per cent deposit from any people tendering on these contracts. He met that requirement. Since he has been out of the hospital I am told he cannot be found. If the hon. member could help me find him I would be very glad indeed. I do not know where he is, but we have inquired.

Mr. Diefenbaker: I do not think he could have been looked for very thoroughly, because he was in Regina six weeks ago.

Mr. Fournier (Hull): Well, I did not go personally to Regina to look for him, but I did ask some in the department, and they tried to locate him. We went to a hotel where he had been living at one time, but he had moved out of that hotel and gone to another one. We tried to locate him there. The first news I got was this clipping from the newspaper. I do not know where he is.

Mr. Diefenbaker: Well, he gave that interview in Regina.

Mr. Fournier (Hull): Yes, but it may have been given on the street corner, and when I would get out there he would be on the next corner. We are still trying to find him.

Mr. Diefenbaker: So is it a fact that since February, 1952, the Department of Public Works has not been in communication with Mr. Lunam, or secured from him a balance sheet showing his assets and liabilities? Has he just disappeared, faded away, only to be found by a reporter of the Regina *Leader-Post* for an interview?

Mr. Fournier (Hull): Here is the information my officials give me on this case, that since February 1952 we have tried to locate the man and have not succeeded. So we have had no contact with him, no balance sheet or anything else. And as we wanted to complete the buildings, we got to work on them.

Mr. Browne (St. John's West): Are all these contracts by the Department of Public Works on an outright basis? Are they all

outright contracts, or does the department on some occasions pay a fixed fee, or cost plus? Does the department make contracts on a cost-plus basis? I remember that the Auditor General told the public accounts committee that on some occasions a person will have a contract with the government on which further work to be done is carried out on a cost-plus basis.

Mr. Fournier (Hull): If my hon. friend wishes to have that information I would advise him to read section 36 of the Public Works Act. If he will read it carefully he will see how these contracts are given. It is all written down in black and white.

Mr. Browne (St. John's West): If the minister knows what is in section 36, would he be good enough to tell me now?

Mr. Fournier (Hull): There is one section which authorizes me, when it is in the public interest, to give contracts in amounts up to $15,000 without asking for tenders. Over and above the amount, in urgent cases, where damage would occur to the public interest if I were to fail to take action, I can make contracts without tenders. Outside of that we must ask for tenders.

Mr. Browne (St. John's West): When you come to make payments on those contracts, do you not have affidavits covering materials used? Those would have been paid for before you pay for the contract.

Mr. Fournier (Hull): I have been arguing that for two hours.

Mr. Hosking: I am anxious to see this item pass, but I think it would be wrong to allow the impression to continue which has been created on the minister this afternoon without endeavouring to set out both sides of the picture. I think we should analyse just how this situation arose. Anyone familiar with the conditions surrounding a contract of this kind knows that the local firms who are supplying goods to the general contractor are not anxious to have payments made at the end of the month for fear they might lose some future business. In other words they deliberately get themselves into the position where the general contractor owes them large sums of money. They partly finance his contract so they will continue to get his business. That is a position into which they get of their own volition.

Having explained how the situation arose and why they are in that position, I would not want the minister to gum up the procedure with red tape by putting into effect any of the suggestions that have been made by the opposition lawyers. If you are going to require the inspector to have receipts for all bills that are paid, you will also need to have an engineer, an auditor and a chartered accountant. Then if the department happened to pay one of these bills and through fraud were asked to pay it a second time you would immediately be held responsible for having made that mistake.

I hope that you will not start to further gum up with red tape these contracts that have been discussed today by following the procedure that has been suggested by the opposition.

Mr. Diefenbaker: Did the minister at any time secure from the Lunam Construction Company a statement of assets and liabilities? Did he ever ask for such a statement before or after February, 1952.

Mr. Fournier (Hull): To which contracts would that question apply?

Mr. Diefenbaker: Just the ones under public works.

Mr. Fournier (Hull): Those that were completed and paid for. We have those buildings. Should I get a statement on those? In the case of those that are not completed, I have the money to complete them.

Mr. Diefenbaker: That does not answer anything. I do not know why the minister has not done something regarding this matter. He has the mounted police available.

Mr. Fournier (Hull): I object to that, and I want my hon. friend to withdraw his statement. I have been talking here this afternoon for nearly two hours telling what I have been doing. I do not think it is fair that the hon. member should say I have not been doing anything. I would not say that to the hon. gentleman, although I do not believe he is doing very much.

Mr. Diefenbaker: To say that the minister has not been doing anything is possibly an understatement, because what I had in mind was this. This man disappeared in Regina.

Mr. Fournier (Hull): How do you know he is in Regina?

Mr. Diefenbaker: Everybody knew, including the staff reporter of the Regina *Leader-Post* who interviewed this man on several occasions.

Mr. Fournier (Maisonneuve-Rosemont): How did he know him?

Mr. Diefenbaker: I am not going to answer that. Presumably his identity was made known to him. On the statement that was secured I cannot understand why the Department of Public Works, having actually benefited to the extent of approximately $170,000

worth of materials that went into the buildings so they could be completed within the contract price, did not do anything. In other words, if the suppliers had not been taken in to the extent of $170,000 in materials that were supplied, as far as the government is concerned the projects would have cost much more to complete over and above the contract price.

Has the minister's department written to the Lunam company? If they have, I should like to have the correspondence produced when we come to the proper item. This man's elusiveness was such that it aroused great interest. Lunam and his company took these people in to the extent they did as the result of a false affidavit, and only the Department of Public Works can prosecute because the false pretence was perpetrated against that department. This man swore a false affidavit which caused the Department of Public Works to advance moneys to which he was not entitled, and I cannot understand why he should not have been prosecuted or why the mounted police were not used to ascertain whether a fraud such as this should be committed against the Department of Public Works.

That is the reason I said the minister had not done anything. I meant that he had not used the agencies that were available in order to punish a man who according to the statement of the minister is a wrongdoer in that he defrauded the government of Canada by falsely swearing to an affidavit in order to secure payment. I am wondering whether the matter was ever placed in the hands of the mounted police, or whether there were communications with Lunam or the company?

Mr. Fournier (Hull): After this accident had happened and he was in the hospital, and we found out he could not proceed with the construction, we had served on him a notice according to the contract that we would hold as security the balance of the contract and would proceed with the work. I understand that we have a copy of that contract.

Item agreed to.

Architectural branch—

322. Ottawa—maintenance and operation of public buildings and grounds, including repairs and upkeep, rents, furnishings, heating, etc., and to authorize commitments against future years in the amount of $500,000, $13,588,361.

Mr. Green: Will the minister tell the committee to what extent commitments are authorized against future years? Apparently each year there is a provision of this type in this vote.

[Mr. Diefenbaker.]

Mr. Fournier (Hull): This $500,000 for future commitments covers orders which are given during the fiscal year but which are not expected to be delivered. Suppose we ordered a diesel engine which takes many months to deliver, we would be committed to the company but would not receive delivery during the fiscal year. We have to have this amount for future commitments.

Mr. Green: To what extent?

Mr. Fournier (Hull): I am told that this year we are committed to the extent of about $300,000. These goods will be delivered in the future, but not under this vote. If we did not have this item we would have no legal power to give an order.

Mr. Green: These commitments were made in the last fiscal year and are for the present fiscal year; is that the idea?

Mr. Fournier (Hull): That is right.

Mr. Green: Why is there a provision of this kind in this and the following item, and not in any other item?

Mr. Fournier (Hull): I am told that in the last months of the fiscal year we continue placing orders although we know they will not be delivered. We are authorized to commit up to $500,000 under this item for the next year, but these amounts will be revoted as deliveries are made in the next year. It is only authority to commit; it is not an expenditure of money. We cannot go over and above our commitments for $500,000. I understand that in the administration, when the last months of the year come we have to continue to give notice of what we need. We say well, let us place the order and in the next estimates we will ask for the amount. If we did not have that authority we would have to stop ordering for delivery in the new fiscal year.

Mr. Green: Why is it necessary for these items and not for any other items?

Mr. Fournier (Hull): These are the two maintenance items in my department. The other items are specific items for contractual purposes; but these are the two items which cover maintenance of all buildings in the country.

Mr. Green: There is quite a large increase in some of the amounts under this item. I am looking at page 393. There, for example, we find a big increase in furniture and furnishings for government departments. The increase there is about $60,000, and it was also increased last year over the year 1951-52. Rents also are increased by $550,000. Light, power, water, etc. are increased by about $70,000. These are all expenditures

to be made in Ottawa. Why is there that large increase for the present fiscal year?

Mr. Fournier (Hull): There is an increase this year of $725,622.

Mr. Green: I am asking about item 322 and the minister has given the wrong figure. He has given the figure for outside Ottawa.

Mr. Fournier (Hull): There is an increase in salaries from $4,250,715 to $4,566,083. That would comprise increases in salaries that have been granted during the year plus the addition probably of a few salaries and wages, due principally to increases in prevailing rates of pay, statutory increases, and an increase of 90 in the char staff to take care of the new buildings. There is $315,000 in that.

There is an increase of $62,500 in the allotment for furniture and furnishings for government departments, due mainly to special provision being made in the vote for the first time for upholstering and repairs to furniture, and acquisition of venetian blinds. There is an increase in rents because we have taken over four more buildings in Ottawa, the Ogilvy building, the Metcalfe building, 245 Sparks street, and the seminary building. There is an increase of $75,640 for light, power and water covering new buildings and rented premises, provision for unemployment insurance contributions and so forth. There is a decrease in the allotments for travelling expenses, materials and supplies, moving government departments, and taxes on diplomatic properties, in the amount of $208,000. That leaves a net increase of $830,943.

Mr. Fleming: May I ask the minister whether it is under this item that provision is made for maintenance and upkeep of the Prime Minister's residence?

Mr. Fournier (Hull): A total of $10,950 was provided in the summary for the Prime Minister's residence. The vote for 1953-54 for the Prime Minister's residence is as follows: Payment to steward as representative of this department in the household, $1,000; furnishing, $4,000; fuel for residence and coach house, $1,750; repairs, painting, etc., $3,400; electric power, $800.

Mr. Fleming: Does that include all the expenses, operating expenses as well as upkeep of the building? I understand that the operating expenses also fall within this department.

Mr. Fournier (Hull): This is certainly what it costs my department.

Mr. Fleming: Where are the operating expenses charged?

Mr. Fournier (Hull): Do hon. gentlemen not think I have enough? I am giving what it costs me.

Mr. Fleming: What department is responsible?

Mr. Fournier (Hull): What department spends more money? I do not know if there are any other departments, and I do not know which one if any. I know what I spend, and this is the amount.

Mr. Fleming: According to the statute that was passed several years ago, the maintenance of this property as well as the operating expenses of the residence all come under this department.

Mr. Fournier (Hull): Read the section again. You will see that is not correct. Maintenance is what I am paying here.

Mr. Fleming: Are we to understand that operating expenses of the residence do not fall within the Department of Public Works?

Mr. Fournier (Hull): If that is so I have not been operating it.

Mr. Fleming: In the five items given by the minister, totalling some $10,000, there is an amount of $3,400 indicated for repairs this year.

Mr. Fournier (Hull): Right.

Mr. Fleming: What justifies such a high figure for repairs on a building that was completed only two years ago?

Mr. Fournier (Hull): This is only an estimate and it has not been spent. You have not given it to me yet.

Mr. Fleming: I quite realize that, but what repairs are contemplated which would justify the minister asking for $3,400 for repairs to a building that was completed only about two years ago?

Mr. Fournier (Hull): I am told there will be some repainting outside the building and some work inside the building. With respect to the details of how many windows and how many doors need repair I have not the information. You want us to maintain the residence in a good state so a man was sent down to look over the building, and he reported we would need about $3,400 in the year to do that work.

Mr. Fleming: How much was expended on repairs in the fiscal year just ended?

Mr. Fournier (Hull): I have not that information.

Mr. Fleming: Well, I think that information should be available. I quite understand that the minister might not have it for the full twelve months—

Mr. Fournier (Hull): I will get it.

Mr. Fleming: —but he should have it complete for eleven months and might perhaps estimate for the twelfth month.

Mr. Fournier (Hull): I have not the figures here, but I will get them.

Mr. Fleming: When can we have them?

Mr. Fournier (Hull): As soon as I have a moment.

The Deputy Chairman: Shall the item carry?

Mr. Green: No. The minister explained that there had been several new buildings rented in Ottawa during the year. I did not hear what they were, and I wonder if he would give them again and tell us in each case what the rent is and what the building is used for.

Mr. Fournier (Hull): The main new buildings rented are the Ogilvy building, the Metcalfe building, 245 Sparks street, and the seminary building. Those are the four that were rented in this last fiscal year and account for increasing the amount.

Mr. Green: What are the rents in each case, and for what purposes are those buildings used?

Mr. Fournier (Hull): Do you want me to read the list of all the rents for the buildings in Ottawa?

Mr. Green: No, just those four.

Mr. Fournier (Hull): The total is $550,000 per year. I have a list of all the buildings we occupy.

Mr. Green: I only want the rentals for those four buildings, and the purposes for which the buildings are used.

Mr. Fournier (Hull): The Metcalfe building is used for national defence and the rental is $76,610; the Ogilvy building, national defence, and the rental is $61,922; the seminary rental is $370,000; 245 Sparks street is for defence production and labour, rented from the Bank of Canada, $48,000.

Mr. Green: For what purpose is the seminary used?

Mr. Fournier (Hull): The whole of the mounted police organization has been transferred to that building from the justice building and the six or seven other buildings in which they occupied space.

Item agreed to.

323. Maintenance and operation of public buildings and grounds, other than at Ottawa, including repairs and upkeep, rents, furnishings, heating, etc., and to authorize commitments against future years in the amount of $800,000, $18,998,865.

[Mr. Fleming.]

Mr. Higgins: Does this item include the maintenance of Canada House in St. John's, Newfoundland?

Mr. Fournier (Hull): No, we do not maintain it. I understand we receive a rental from the province of $1,500 per year.

Mr. Higgins: You say you do not maintain it?

Mr. Fournier (Hull): No.

Mr. Higgins: May I read an answer to a question which appears in *Hansard* for March 16, page 2958. The question was:

What is the annual cost of maintenance of this property?

The answer was:

Fiscal year 1949-50; $281.76; fiscal year 1950-51, $34.80; fiscal year 1951-52, $118.17.

I do not know who is paying it. Is that your department?

Mr. Fournier (Hull): When I said no, I asked my officials whether we maintained the place. We cannot do much maintenance for $34.80 in a year. The answer must have been prepared by somebody in the department who had more knowledge than I have or the gentlemen I have here with me. My impression is that we have no maintenance costs, but we do get a rental from the province of Newfoundland.

Mr. Higgins: Well, those figures were just in error, I take it. May I ask another question to which the minister may be able to give a reply now that he has his senior officials with him. On that same page of *Hansard* I asked whether the property was owned by Canada, and the answer was yes. Then I asked:

If so, when was it purchased?

The answer was:

It was taken over when Newfoundland entered confederation.

That does not mean anything to me. Will the minister explain what that means?

Mr. Fournier (Hull): If the hon. member reads the terms of union he will find that part of the buildings that were serving government purposes in Newfoundland were transferred to the central government. Probably this would be one of the buildings that fell to our lot. I may say that public works has taken over more than one building. That is to the best of my recollection. The hon. member has on the order paper another question concerning that matter. I was told today that external affairs were handling that answer, so I just forgot about it.

Mr. Higgins: Is this not the position? The property known as Canada House had been

bought by Canada before Newfoundland came into confederation and was owned by Canada at that time?

Mr. Fournier (Hull): My officials say you are probably right.

Mr. Higgins: I am probably right? The minister knows I am right. What is the meaning of this phrase, then, that it was taken over?

Mr. Fournier (Hull): To make it clear, I am told that before union, external affairs had purchased that building from the commission of government, and since—

Mr. Higgins: No, no.

Mr. Fournier (Hull): Well, you know the story.

Mr. Higgins: Let me give you the facts. The property was purchased from a private individual. I do not know what department purchased it but I am assuming it was your department. The building was used to house the high commissioner, and at the time of the consummation of union it was rented to the government of Newfoundland. I want to find out the purchase price of the building when it was originally bought.

Mr. Fournier (Hull): I would not have that information. It was purchased by external affairs to house the high commissioner for Canada in Newfoundland.

Mr. Higgins: You mean there is no chance of finding out at all?

Mr. Fournier (Hull): Yes, when the external affairs officials are before the committee. You have that committee on external affairs, and you can find out there.

Mr. Higgins: Is this not the proper place to ask about it?

Mr. Fournier (Hull): No, it was transferred to public works. I did not make an inspection to find out if it was paid for by cash or with a note. We took it over, and we rented it to the province later on.

Mr. Higgins: I shall not plague the minister, then, because he has been plagued enough today. Would he be prepared to give a full answer on this tomorrow?

Mr. Fournier (Hull): I am told that you could see in the public accounts for 1946-47, when it was purchased.

Mr. Higgins: The other matter the minister is going to look up is how I got these figures for maintenance.

Mr. Fournier (Hull): I will get that information.

Item agreed to.

Acquisition, construction and improvements of public buildings—

Construction, acquisition, major repairs and improvements of, and plans and sites for, public buildings listed in the details of the estimates, provided that treasury board may increase or decrease the amount within the vote to be expended on individual listed projects—

324. Newfoundland, $550,000.

Mr. Noseworthy: This is the place where the minister asked me to raise the question about revotes. For instance, on page 396 I find that out of nine items listed for item 324 amounting to $550,000, actually there are revotes totalling more than $550,000. There is an allowance of some $67,000 made for overestimates or amounts that will not be spent. I just cannot understand how a government of experts last year asked for $575,000 of which they did not spend one cent. There are seven items for which money was voted a year ago, of which not a dollar was spent. It would appear that seven of those items are entire revotes. The minister explained that you get a certain amount of money and you are not able to finish a building so you have a revote, but here is a case where the whole amount is revoted. I would like some explanation of that, because I am going to bring up the matter in connection with the other provinces.

Mr. Fournier (Hull): Let us take the first item, Bishop's Falls public building. To complete this there will be a revote of $45,000. You understand that in this case the work is under contract and it is proceeding. We expect to complete the work and we need a further amount of $62,000 for this fiscal year, which comprises an amount of $45,000 which was voted to us last year and which I am asking the house to revote this year.

Now take the second case, in which there is a revote for the Clarenville public building. This amount is to provide for the purchase of a site and the erection of a public building to accommodate the post office and customs at Clarenville. The proposed building is strongly requested by the customs division, who state they are now located in a very dilapidated building which is entirely unsuitable. The Post Office Department has also requested space in the proposed building. Pending preparation of preliminary plans the total cost is tentatively estimated at $75,000. This was voted last year. I do not think we have succeeded as yet in purchasing the site. We hope to purchase a site. When we get the site we will have the officials in the department prepare plans. We expect that during this fiscal year we may be able to spend part of that $75,000.

Mr. Noseworthy: What about the other items? They are all the same.

Mr. Fournier (Hull): I could read the whole book and you would get about the same explanation as this. Here is one. It is at Corner Brook. A site satisfactory to the Post Office Department as to location and to the chief architect as to size has been selected. This site located on Main street is owned by Bowater's (Newfoundland) Pulp and Paper Mills and has been offered for sale at a price of $18,000. This area involves approximately 36,000 square feet. As the asking price is considered fair and reasonable, negotiations are being undertaken to acquire the site. If we purchase that site during this year, we will have plans prepared; and if they are ready during the fiscal year we will ask for tenders and give out the contract. What we will be able to spend on this I cannot tell.

Mr. Noseworthy: What is the explanation of the fact that each year your experts estimate how much of that estimated expenditure will remain unspent In the case of Newfoundland last year they estimated that they would probably ask for $137,000 more than would be spent. Actually they asked for $575,000 more than was spent. That situation applies all the way through the architectural branch of this department. In Nova Scotia you find four items which were not touched at all. Nova Scotia had a fairly good record there.

Mr. Fournier (Hull): Shall we pass this first item? Then when we reach Nova Scotia I will give more information.

Mr. Noseworthy: All right; take them one at a time.

Mr. Browne (St. John's West): May I ask the minister whether anything has been done about the two buildings there for which provision is made, namely the public building and the customs building?

Mr. Higgins: In St. John's.

Mr. Browne (St. John's West): Yes, in St. John's.

Mr. Fournier (Hull): This amount is required to purchase a site and for preparation of plans and specifications for a proposed building at St. John's, Newfoundland, to provide improved accommodation for the customs services. It is now proposed to erect the new building on the site of the existing building which will be enlarged by the acquisition of property between the site and the war memorial square. The additional property to be acquired consists of four parcels of land, and there are three owners involved. Valuations of the property were prepared for the department by H. J. Thomas and Son, St. John's, and by Willett Engineering and Surveying Company, St. John's. I do not know whether I should give these figures. I would rather keep these valuations undisclosed until we negotiate. But I have valuations for the whole of the property and we are negotiating with these people for the purchase of the properties. I think hon. members should not insist that I give those amounts.

Mr. Browne (St. John's West): I do not insist on the disclosure of that information.

Mr. Higgins: What is the building supposed to be for? What is the general idea?

Mr. Fournier (Hull): That is for the customs.

Mr. Higgins: To what size do you propose to enlarge it?

Mr. Fournier (Hull): I know that the estimated cost will be in the neighbourhood of $550,000.

Mr. Higgins: That is not very big. Is that the cost of the building alone?

Mr. Fournier (Hull): That is the estimated cost.

Mr. Browne (St. John's West): The total cost?

Mr. Fournier (Hull): We will know more about it when the plans are prepared and when we are owners of the site.

Mr. Browne (St. John's West): I suppose the plans are prepared now before you have bought that land?

Mr. Fournier (Hull): It is rather difficult, before we become owners of the site, to prepare final plans. We have to make those plans conform to the site on which the building will be erected.

Mr. Higgins: Is it proposed to begin construction shortly?

Mr. Fournier (Hull): As soon as I can purchase the site we will start working on it. The other case I would say we will let stand. I have not purchased the site and, judging by the clippings that were read in the house, it seems that I am having difficulty in getting the proper site for that building.

Mr. Higgins: Is it fair to assume that you are not going to put it on government house ground?

Mr. Fournier (Hull): Do not ask me that.

Mr. Higgins: Why not?

Mr. Fournier (Hull): Because I could not give you an answer.

Mr. Higgins: The last time you were talking to me here in the chamber you told me that all that remained was the purchase price to be negotiated between you and the premier of Newfoundland?

Mr. Fournier (Hull): We have not reached that stage.

Mr. Higgins: Have you changed your mind since?

Mr. Fournier (Hull): I have not reached that stage yet.

Mr. Higgins: Of changing your mind?

Mr. Fournier (Hull): I would not answer that question.

Mr. Browne (St. John's West): May I ask the minister whether any progress has been made in respect of the other two, St. Lawrence and Stephenville. They are revotes here of the full amounts.

Mr. Fournier (Hull): We have not got the sites. Here is the estimated cost of $55,000. For the site we expect to pay about $5,000, for the building, $45,000; for supervision and contingencies, $5,000. The other one is for Stephenville. The site selected for this building adjoins the existing post office building and measures 100 feet along the highway to Kippens and 100 feet along the highway to Stephenville Crossing. The owner has offered to sell the property for the sum of $2,500.

Mr. Browne (St. John's West): The only question I really want to ask is this. Is there a good chance of the work going ahead this year?

Mr. Fournier (Hull): That is why we have the estimate. We live in hope that during the fiscal year it will be possible.

Mr. Higgins: May I revert to the public building in St. John's for one moment. Is it correct that nothing will be done on the public building without recourse to the town planning commission? Would that be definite?

Mr. Fournier (Hull): I do not know what progress has been made. Oh, yes; every representation that was made will be taken into account. But it is far more complicated than the hon. gentleman thinks to get this site in St. John's. Most of my troubles in public works have been in deciding on a site and in getting the local people to agree that it is the proper site. You two hon. members from St. John's do not, I think, agree.

Mr. Higgins: We agree on the site; we agree where it should not be.

Item agreed to.

Acquisition, construction and improvements of public buildings—

325. Nova Scotia, $1,200,000.

Mr. Noseworthy: It is six o'clock, Mr. Chairman.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, tomorrow we shall continue with the estimates of the Department of Public Works, and then take up the estimates of the Department of Citizenship and Immigration. On Friday we shall take up the Income Tax Act. We hope to have that concluded early enough to deal with the resolution concerning the superannuation act. That resolution is the basis of a bill to amend the superannuation act. The bill will be referred to a committee, and we should like to see it sent to the committee as soon as possible.

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

The following items were passed in committee of supply:

DEPARTMENT OF PUBLIC WORKS

Architectural branch—

320. Departmental administration, $671,905.

321. Branch administration, $514,539.

322. Ottawa—maintenance and operation of public buildings and grounds, including repairs and upkeep, rents, furnishings, heating, etc., and to authorize commitments against future years in the amount of $500,000, $13,588,361.

323. Maintenance and operation of public buildings and grounds, other than at Ottawa, including repairs and upkeep, rents, furnishings, heating, etc., and to authorize commitments against future years in the amount of $800,000, $18,998,865.

Acquisition, construction and improvements of public buildings—

Construction, acquisition, major repairs and improvements of, and plans and sites for, public buildings listed in the details of the estimates, provided that treasury board may increase or decrease the amount within the vote to be expended on individual listed projects—

324. Newfoundland, $550,000.

HOUSE OF COMMONS

Thursday, April 9, 1953

The house met at 2.30 p.m.

BANKING AND COMMERCE

Fifth report of standing committee on banking and commerce.—Mr. Cleaver.

LIBRARY OF PARLIAMENT

CONCURRENCE IN REPORT OF CIVIL SERVICE COMMISSION

Mr. H. W. Winkler (Lisgar): Mr. Speaker, I move:

That the report of the civil service commission respecting the position of assistant librarian, library of parliament, laid on the table of the house on Thursday, April 2, 1953, be now concurred in.

Motion agreed to.

QUESTIONS

GEORGE T. DAVIE SHIPYARD

Mr. Fulton:

In connection with the George T. Davie and Sons Ltd. shipyard and the replies appearing at page 4615 of *Hansard* for June 25, 1951, in answer to previous questions:

1. Was the full balance of $80,000 then owing to the government of Canada under the mortgage, duly repaid? If not, what further amount was written off?

2. Has this company ever repaid, or indicated an intention to repay, the $450,000 cash advance from the government of Canada written off as at November 2, 1949, or any subsequent amount which may have been written off?

3. Has the mortgage taken as security for the advances been released? If so, when?

4. What was the total of payments made by the government to the company for its 5 per cent fee as provided in the five contracts outlined in the answers referred to above?

5. Have any other contracts been awarded to this company since the said 25 June, 1951?

6. If so, when were these contracts placed, what was the subject matter of each contract, what is the cost or estimated cost to the government of the subject matter of each contract, and if on a cost plus fixed fee basis, what is the fee and what was or will be paid to the company in respect thereof under each contract?

7. Has this company received any capital assistance grants or other funds or assistance from the government, apart from the $1,011,187 referred to in part one of the answers of June 25, 1951, during the period covered by those answers or subsequent thereto? If so, how much, giving dates, nature and amounts or value of assistance in each case?

8. What was the reason for writing off the $450,000 of the company's indebtedness to the government referred to previously?

9. Who are now the directors and majority shareholders of this company?

Mr. Dickey:

1. Yes.

2. No repayment has been made by this company, as the $450,000 referred to represents the share of the loss on completion of the vessels which the government agreed to assume, as outlined by the Minister of Trade and Commerce in his statement to the House of Commons on April 7, 1949, which is recorded at page 2429 of *Hansard*, debates of the House of Commons, volume III, April 7, 1949.

3. No, but a release is being prepared for execution.

4. $192,611.34 to December 31, 1952.

5. Yes.

6.

Date of contract	Subject matter	Present Estimated cost	Fee	Fees claimed to date
July 31, 1951	Refit and conversion of two (2) river class frigates	$4,261,820.70	5% of cost	$137,869.25
August 7, 1951	Refit and conversion of two (2) Bangor class minesweepers	1,712,061.00	5 % of cost	117,746.59
December 29, 1951	Class spares for Gate vessels	10,988.38	Firm price	Nil
November, 1952	One (1) modified Norton class tug	950,000.00	5% of cost	807.98

7. On March 1, 1952, there was granted to this company an amount of $9,702.29 as capital assistance, for the purchase of certain machinery necessary in the construction of minesweeping vessels, which machinery is to remain the property of the crown.

Questions

8. The amount of $450,000 was not considered to represent "the company's indebtedness to the government". See answer to No. 2 above.

9. The present directors are: Messrs. Andre Delagrave, C. G. Hoyt, J. E. Labelle, J. Mossup, J. Arthur Paquet, M. Paquet, Jean Raymond, Q.C., R. K. Thoman.

The majority shareholders of this company are not known.

CHICOUTIMI COUNTY, QUE.—TRANSPORT EXPENDITURES

Mr. Gagnon:

Since January 1, 1945, what amounts have been spent, each year, by the Department of Transport, in the county of Chicoutimi for (a) marine services; (b) railway and steamship services; (c) air services?

Mr. Benidickson:

Calendar year	Marine services	Railway & steamship services	Air services	Total
1945	$ 5,125	—	$ 1,780	$ 6,905
1946	5,408	—	43,995	49,403
1947	5,922	—	56,225	62,147
1948	6,881	—	112,813	119,694
1949	7,095	—	85,189	92,284
1950	6,855	—	72,286	79,141
1951	7,302	—	37,055	44,357
1952	13,739	—	1,437	15,176
	$ 58,327		$ 410,780	$ 469,107

PUBLIC BUILDING, ROBERVAL, QUE.

Mr. Spence:

1. During the years 1951-52 and 1952-53, was any amount spent, each year, in connection with the public building at Roberval?

2. If so, what amount and for what purpose, in each case?

Mr. Fournier (Hull):

1. Yes.

2. Fiscal Year 1951-52

Construction and improvements ..	$ 199.65
Repairs and maintenance	657.92
Salaries and wages	1,107.52
Furniture and fittings	71.06
Fuel	823.05
Light and power	114.34
Water	48.00
Caretakers' supplies and sundries .	73.72
	$3,095.26

From April 1, 1952 to December 31, 1952

Repairs and maintenance	$ 11.78
Salaries and wages	898.83
Furniture and fittings	27.00
Fuel	644.86
Light and power	81.74
Caretakers' supplies and sundries .	46.46
	$1,710.67

QUESTIONS PASSED AS ORDERS FOR RETURNS

CHICOUTIMI AND LAPOINTE COUNTIES, QUE.—MARKETING SERVICE EXPENDITURES

Mr. Gagnon:

Since January 1, 1945, what amounts have been spent, each year, by the Department of Agriculture in the counties of (a) Chicoutimi; (b) Lapointe, under the heading of "marketing service"?

BARRISTERS, ETC.—FEES PAID

Mr. Diefenbaker:

What are the names and addresses of barristers, solicitors and advocates to whom fees in excess of $1,000 have been paid by each department of the federal government, showing the amount paid to each of them by the respective departments, since the first day of January, 1951?

NATIONAL DEFENCE—STUDIES, ETC., BY CIVIL SERVICE COMMISSION

Mr. Fulton:

1. How many studies, investigations or surveys of the administration of the Department of National Defence or of the civil establishment of the said department or any part thereof, have been made by the civil service commission since January 1, 1947, as a result of any requests made or authorized by the said department?

2. In how many such cases were the said studies, etc., followed by written reports or memoranda or other written submissions?

3. What was (a) the particular subject of each such study, etc.; (b) the date of each such report, etc.?

PROPERTY SOLD, SARNIA OR POINT EDWARD, ONTARIO

Mr. Murphy:

1. Has the government or the Canadian National Railways sold any property in Sarnia or Point Edward, Ontario, within the last two years?

2. If so, (a) to whom was such property sold; (b) what was the price paid?

3. Was the sale made by tender?

4. If not, by what method?

LABOUR CONDITIONS

STRIKE OF GRAIN HANDLERS—REQUEST FOR FURTHER REPORT

On the orders of the day:

Mr. Angus MacInnis (Vancouver East): Mr. Speaker, I should like to ask the Minister

of Labour whether he can give the house any information on the grain elevator dispute in Vancouver and New Westminster.

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, though my hon. friend notified me that he intended to ask this question, I can only tell him that there have been no important new developments to justify me in making anything like an optimistic statement in the house today.

I regret that I was not able to be in the house last Tuesday when my hon. friend and the hon. member for Vancouver-Quadra (Mr. Green) spoke on this matter, but I read carefully what they had to say. I assume, Mr. Speaker, that it would not be in order for me to attempt to deal fully with their remarks at this particular time. However, the impression was left that my department had not been doing all that it could do to help settle this dispute. That I wish to deny at once. This dispute has characteristics that do not lend themselves to some of the simple solutions that were suggested the other night, but patient and constant efforts which we believe best fit the situation have been conducted by my department before the strike started and ever since then, and we shall continue to carry on in that fashion.

Mr. Green: May I ask the minister this question: Is he unwilling to invite representatives of the parties to come to Ottawa to discuss the situation?

Mr. Gregg: If such a course would appear to us, after careful study, to be the course that should be pursued to bring about a settlement, we would not hesitate a moment to invite them.

Mr. MacInnis: Mr. Speaker, may I make a supplementary remark. I was going to ask the same question as the hon. member for Vancouver-Quadra has asked. May I say that if, by what I said last Tuesday, I gave the impression that the department was not doing everything it could do in the matter, it was purely unintentional on my part. I thought I made it quite clear that the department was keeping in touch with the situation.

NATIONAL DEFENCE

REFERENCE TO "SATURDAY NIGHT"—REQUEST FOR TABLING OF MACNAB REPORT

On the orders of the day:

Mr. E. D. Fulton (Kamloops): I should like to ask a question of the Minister of National Defence. Has the minister's attention been directed to the publication, in the current issue of *Saturday Night*, of an exchange of correspondence between the deputy minister of national defence and Mr. John Stevenson, Ottawa correspondent for *Saturday Night*? If so, in the light of this correspondence and of the proven inaccuracy of the deputy minister's statement—

Mr. Speaker: Order. I cannot allow the hon. member to make statements. He is allowed to ask questions. I will allow him to ask a question but he must not make a statement with respect to the question he is about to ask.

Mr. Fulton: What I want to know is whether the government will now table the complete text of the MacNab report.

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, I think I should answer the hon. gentleman by saying that the letter of the deputy minister which was shown to me is completely accurate in every respect. What is inaccurate—and, I may say, characteristically inaccurate—is the report appearing under the name of J. A. Stevenson in *Saturday Night*. I have seldom seen anything less competent in the way of reporting or more inaccurate than those stories.

The Prime Minister (Mr. St. Laurent) has already stated to the house the position with regard to the MacNab report; but it might be added that Mr. MacNab himself, in a statement to the press, said that it was not a report but was a memorandum intended for the information of his former superior officer in the civil service commission and that the allegations made were based largely on hearsay and would have to be verified before they were to be taken as facts.

The position with regard to this and other similar documents was stated to the house a couple of weeks ago but it is already thoroughly well known to the house and is thoroughly in accord with the practice at Westminster and here. The position is that documents of this character made for the confidential information of officers of the government or members of the government are privileged; and every hon. member knows that.

Mr. Fulton: Mr. Speaker, by way of a supplementary question, may I ask the minister this. I am quite sure that the minister would not wish to leave an inaccurate impression—

Some hon. Members: Order.

Mr. Casselman: Put the steam roller on.

Mr. Fulton: I am quite sure the minister would not wish to leave an inaccurate impression on the record. I would therefore ask him if he would not wish to amend his statement, with which I take issue, to the effect that Mr. MacNab said that his report was based upon hearsay. My recollection of the statement made by Mr. MacNab is certainly to the contrary and that his report was based on personal observations.

Mr. Diefenbaker: Mr. Speaker, this raises another question. The minister referred to the practice at Westminster and here.

Mr. Speaker: Order. I cannot allow discussion on that matter at this time.

Mr. Diefenbaker: I was just referring to the gratuitous statement made by the minister.

Mr. Speaker: Order. The minister answered a question. If the hon. member for Lake Centre (Mr. Diefenbaker) would like to ask a question, I will allow him to do so.

Mr. Diefenbaker: I will ask it in this way, Mr. Speaker, if I may. Has it not always been considered to be constitutionally inexcusable for a civil servant to enter into political controversy with regard to a departmental matter?

Mr. Claxton: Mr. Speaker, I can answer that question by saying that I do not think it is improper for a civil servant, with the authority of his minister, to correct a gross inaccuracy.

Mr. Rowe: Mr. Speaker, I should like to ask the minister a question. Did he have authority from the minister in this case?

Mr. Claxton: Certainly.

Mr. Diefenbaker: That renders it all the more inexcusable.

Mr. Rowe: I should like to ask the minister whether he believes it is proper for a deputy minister politically to defend the government.

Mr. Claxton: I know of no deputy minister less likely to enter into any political controversy than the deputy minister of national defence; and that is well known to all members of this house. He needs no defence from me on that score. I should like to say this. If a deputy wishes to make a correction of fact and does so with the authority of the minister, I can see nothing in the constitutional practice to prevent that course from being followed, as was done in this case.

Mr. Fleming: Mr. Speaker, may I ask the minister this question. If he gave approval to this statement, why did he not make the statement himself?

[Mr. Casselman.]

Mr. Diefenbaker: Did he think it would be more creditable?

Mr. Claxton: I would have been very glad to do so but the deputy minister came to me and said, "Should I write this?" I said, "If you feel that way, certainly do so. It is in accordance with the facts."

SUPPLY

The house in committee of supply, Mr. Beaudoin in the chair.

DEPARTMENT OF PUBLIC WORKS

Architectural branch—

Acquisition, construction and improvements of public buildings—

Construction, acquisition, major repairs and improvements of, and plans and sites for, public buildings listed in the details of the estimates, provided that treasury board may increase or decrease the amount within the vote to be expended on individual listed projects—

325. Nova Scotia, $1,200,000.

Mr. Noseworthy: At six o'clock last night we were discussing the question of revotes. I wonder whether the minister will explain why his department's record regarding the expenditure of money voted last year is so much better for Nova Scotia than for the other provinces. We pointed out, for instance, yesterday that eight of the nine items listed for Newfoundland were revotes, that seven of these were entirely revotes for projects on which nothing had been done during the year. In the case of Nova Scotia there are only nine out of fourteen revotes and only four of these are entire revotes. In other words, out of fourteen projects ten were started. A year ago the department estimated they had asked for $360,000 more than they were able to spend, yet they actually asked for $780,000 more than they did expend, which is only about twice as much as they estimated. In the case of Newfoundland they left unspent about four times as much as they estimated would be unspent. There may be some circumstances which explain why the department is so much more efficient in spending the moneys voted for Nova Scotia than for Newfoundland.

Mr. Fournier (Hull): There is just one explanation I can give the hon. member. Newfoundland joined Canada only four years ago, and we had to set up in that province a district. We had to have people from headquarters go out to Newfoundland and make a study of the situation. Probably the progress is not as rapid there as it would be in a province which joined confederation in 1867, where we have an old staff and know the situation. That would be one reason.

The second reason probably is that our staff in Newfoundland is not extensive enough, and we were most ambitious in our estimates of the work we could do. The hon. gentleman who hails from that province would know that every Canadian wants to keep the friendship of that new province, and my department especially is doing its utmost to meet their requests and try to do the work they need done, but I think it will take me some time to succeed.

Mr. Fleming: Before we go too far into these other items, I recall that last night when we were on item 322 I asked certain questions concerning maintenance and upkeep of the prime minister's residence and the minister said he would obtain further information to give to the committee which he did not have available at that time. I wonder whether he could give it now.

Mr. Fournier (Hull): I am always ready to revert back, but I would not want this to become a habit. We spent two days on that item, and I did my best to explain. I shall send over to the hon. member the information that he asked for under that item, which concerns the expenditures on the prime minister's residence in the last fiscal year.

Mr. Diefenbaker: Read it out.

Mr. Fournier (Hull): We carried that item. Do you want to start the resolution all over again? I am giving the information, and I want to be agreeable. I was held up on that first item for two days, and we covered every item in the book. I do not think that is regular. I am giving the information. If you do not like it—

Mr. Diefenbaker: Put it on the record; we want it on the record.

Mr. Fournier (Hull): All right.

Mr. Fleming: I am hoping that we shall try to proceed in a co-operative spirit. Yesterday afternoon when I asked this question the minister said he would obtain the information.

Mr. Fournier (Hull): Then I will read it because I want to co-operate, too. The expenditures are as follows: Servicing oil burner, $52.50; heating improvements, $30; freight, etc., $2.44; furniture and furnishings, $2,416.03; window cleaning, $132.50; fuel oil, $437.82; char service supplies, $53.15; other supplies, $169.15; repairs and upkeep of equipment, $36.91; light and power, $421.69; water, $119.96; unforeseen improvements, alterations for maid's quarters, etc., $4,948.33, making a total of $8,820.48.

Mr. Fleming: What were these unforeseen improvements and alterations?

Mr. Fournier (Hull): I hope, Mr. Chairman, we are not reopening that item. That resolution was carried. Before it was carried I undertook to give this information. If I am going to start over again on estimates that have been passed I do not think it will be in order.

Mr. Fleming: I am sure it is not the wish of the minister to be un-co-operative in any way. This is a special matter, and when it was before the committee yesterday I raised this question on this particular item following a lengthy discussion which took place on an entirely different aspect of administration in general. When the minister indicated he did not have the information and would produce it, then no obstacle was put in his way in proceeding to the next item. The information that he has brought to the committee, for which I thank him, naturally gives rise to one or two further questions. There is the item of $4,000 odd for unforeseen improvements and alterations that were required on which I should like to ask one or two further questions.

Mr. Fournier (Hull): Do you want me to give the explanation that my officials give to me on that last item?

Mr. Fleming: Yes; I would say this to the minister, in order to save time, and that he may know what I have in mind. Naturally with respect to a building that was completed only a short time ago at very great cost, including the land and furnishings, of something over $600,000, it is disturbing to find within the first two years that substantial expenditures are being incurred on repairs and alterations. We remember that the architect and the builder were given a very free hand when they went in there, and the minister will naturally understand the concern of hon. members that within so short a time we should be incurring further expenditures by way of repairs and alterations.

Mr. Fournier (Hull): To complete the answer I gave a moment ago, this is the footnote to the figures which were handed to me before coming into the house. This note has to do with the last item I mentioned and reads as follows:

Finishing an attic room for accommodation of maid and an adjoining space for an ironing room; cutting door into washroom, lighting, linoleum, cutting dormer window, building cupboard; making storm sash for northerly exposure; alterations to humidifying system; wire mesh frames on four stove chimneys.

Mr. Rowe: How much?

Mr. Fleming: There is an item of $4,000 odd for furnishings. What is that for?

Mr. Fournier (Hull): I have given the list. Do you want me to read it again?

Mr. Rowe: You did not say how much?

Mr. Fleming: There was an item of $4,000 odd for furnishings.

Mr. Fournier (Hull): These are estimates we have for this fiscal year. What I have given you now is what was expended last year.

Mr. Fleming: While we are on that, will the minister give an explanation of the item of $4,000 he mentioned yesterday afternoon?

Mr. Fournier (Hull): I would have to ask my department to try to give me a detailed list. Yesterday I explained the total of $10,950, by saying that there was the payment to the steward as representative of this department in the household, amounting to $1,000. That would need no explanation. Then there was an item of $4,000 for furnishings. I shall have to ask my architect to make a list of all the details of this $4,000. I do not have those details in this book, but I shall give them to my hon. friend as soon as I have them.

Mr. Balcom: I should like to ask the minister a question and, for the comfort of the hon. member for York South, let me say that this one is a revote. Also for his comfort I would add that the public works staff in Halifax, while overworked, is very efficient.

I should like to ask regarding the condition respecting alterations in the customs annex building at Halifax. Has it been decided to make the alterations to the old customs building, or build a new one? And, as the building is so badly needed, can he say when the work will be started?

Mr. Fournier (Hull): Is the hon. member speaking of the customs building, or the new building it is proposed to build there? There are two items.

Mr. Balcom: The new building.

Mr. Fournier (Hull): This amount is to provide a sum for the acquisition of a site and the erection of a new public building to accommodate the post office. It was originally proposed to erect a new customs building to replace the existing old customs building, which is beyond economic repair. Funds were provided for the project in the supplementary estimates of 1942-43. However, as a result of a complete study of space requirements in Halifax by officials of the architects branch, it is now proposed to erect a new public building near the station of the Canadian National Railways.

The post office will occupy the major portion of it. The space vacated by the post office in the existing public building will be assigned to the customs department, which will vacate the condemned old customs building.

Mr. Balcom: Is that the item of $200,000, for the public building?

Mr. Fournier (Hull): Yes.

Mr. Balcom: Then, may I ask a third question. The department acquired property on Hollis street, the old Halifax hotel property, some years ago, for the erection of a public building. I wonder if plans have been completed for that, or are there any definite plans to begin the construction of that building?

Mr. Fournier (Hull): That site was acquired some years ago. We prepared plans, but as yet we have not proceeded to put up the building.

Mr. Balcom: Has the minister any idea when it will be done?

Mr. Higgins: May I revert to a previous item? Last night the minister gave some information which I do not think is quite correct. I do not suggest that he did it deliberately. I asked him the cost of Canada House in Newfoundland, and he referred me to the public accounts for 1946. The item does not appear there. Where would it be?

Mr. Fournier (Hull): Did the hon. member look at the 1947 accounts?

Mr. Higgins: I looked under both the Department of External Affairs and the Department of Public Works. Where else should I look?

Mr. Fournier (Hull): I am told it was purchased in 1947 by the Department of External Affairs.

Mr. Higgins: The minister told me last night it was 1946.

Mr. Fournier (Hull): I do make mistakes.

Mr. Gillis: I should like to ask a question respecting Nova Scotia public buildings. What progress is being made in regard to the public building at Sydney, Nova Scotia? I notice that there is a revote.

Mr. Fournier (Hull): Yes. Property for the site has been acquired and plans submitted to the department for approval. Before we begin drawing our own plans we have to have requests from the different departments which will occupy the building, so that we may know how to draw up those plans and

give them the necessary space. All the departments which we believe will occupy the building have been canvassed, and we will begin receiving their answers which will be used as a base for the preparation of our own plans.

Mr. Gillis: Has the department purchased the site?

Mr. Fournier (Hull): The site for the proposed building was expropriated in the fiscal year 1951-52. The expropriation was filed in October, 1951, on a site located at the corner of Falmouth and George streets. It consists of a frontage of 224 feet on Falmouth street and 150 feet on George street. The present owner, R. J. Logue, asked $28,406 as compensation. An order in council dated March 25, 1952, granted authority to accept this offer.

Mr. Gillis: Do you anticipate beginning to build in 1953?

Mr. Fournier (Hull): I am going to see that they do their utmost to complete the plans and ask for tenders. I cannot commit the department to a definite date, but we are working that out.

Mr. Gillis: Thank you.

Item agreed to.

Acquisition, construction and improvements of public buildings—

326. Prince Edward Island, $235,000.

Mr. McLure: I am sure the minister will be pleased with this item, because it consists of revotes. The first part of it refers to a public building in Charlottetown, involving a revote of $50,000. That has been carried over for the last eight or nine years. Then, why is a revote used in connection with the Kensington public building? I have no objection to the Kensington building, because they have need of it there. However, I notice that in connection with the Charlottetown building too small an amount was voted, and there has to be a revote. I would like to have an explanation.

Mr. Fournier (Hull): Yesterday I gave an answer which I think was encouraging to the hon. member. I would prefer to read what I said as it appears in *Hansard,* so that I would not change anything in that statement. I do not want to contradict myself at the same session when my estimates are being discussed.

However, if the hon. member would look at yesterday's *Hansard* he would see that 80 per cent of the architect's plans have been prepared. We are the owners of the site, and we are working on the other plans. I join with the hon. member in the hope that there will be speedy action in connection with the Charlottetown public building.

Item agreed to.

Acquisition, construction and improvements of public buildings—

327. New Brunswick, $1,215,000.

Mr. Brooks: I should like to make the same complaint as others have made, namely that most of these are revotes. My experience has been that a vote in one year becomes a revote in the next year. My question has reference to the vote for the public building at Rothesay. This has been a revote for years. Has the site been acquired for this building, and when will construction be proceeded with?

Mr. Fournier (Hull): Rothesay is another project with which I am having trouble. My advisers are not all of the same mind as to this public building, although I am with the hon. member on this. They have other ideas. I am going to try to convince them that this item was put in the estimates for a new public building and I am going to instruct them here and now to go ahead with that project.

Mr. Brooks: Thank you, Mr. Minister. An argument which the minister could very well use is that the population of this community is increasing very rapidly. There has been an increase of about 2,000 in the last four or five years.

Mr. Fournier (Hull): This department erects these public buildings to serve other departments and we generally try to get their co-operation and agreement. It is not always easy and that explains the delay in this case.

Mr. Brooks: When is the work on the Chipman public building to be done? I hope that this amount will not be revoted next year because I know it is badly needed.

Mr. Fournier (Hull): I am told that the contract has been let.

Mr. Brooks: The third item is in connection with St. Stephen. This amount has been revoted for a number of years. As everyone in New Brunswick knows, a customs building is badly needed at St. Stephen, as there is no comparison at all between our building and the United States building. I hope the minister will be able to go on with this work very soon.

Mr. Fournier (Hull): Notice of expropriation of the site was filed on January 21, 1952. We had valuations of the property made by two independent parties. We are waiting approval of the preliminary plans by the various departments which will occupy space

in this building. The moment we get that approval we will complete the plans and then proceed.

Mr. Brooks: That will be customs and immigration.

Mr. Fournier (Hull): Correct.

Mr. Montgomery: I should like to inquire about the public building at Plaster Rock. Is that to be a new post office? Are the plans completed so that you can get on with this work this year?

Mr. Fournier (Hull): This is not a revote. This amount is to provide for the purchase of the site and the erection of a public building for postal purposes at Plaster Rock. This is the first time this item has appeared in the estimates and I hope it will not be revoted too often.

Mr. Montgomery: Have you been able to get along with the plans at all?

Mr. Fournier (Hull): This item was tabled only in January and I do not think much progress has been made.

Mr. Montgomery: You already own the site, do you not?

Mr. Fournier (Hull): Perhaps the hon. gentleman is right about that, but I have not that information in my notes.

Mr. Noseworthy: The minister gave a logical answer to my question regarding the contrast in efficiency in spending money as between Newfoundland and Nova Scotia, but his answer does not explain the difference as between Nova Scotia and New Brunswick. New Brunswick is not a new province by any means. I take it that the minister has certain administrative machinery in the province of New Brunswick. The difference as between New Brunswick and Nova Scotia is just about as great as between Nova Scotia and Newfoundland.

For instance, I find that of fifteen items for New Brunswick, ten are revotes amounting to $1,180,000. A year ago the department estimated that they had asked for only $450,000 more than they would spend, but actually they asked for $1,180,000 more than they spent. I notice that there are seven projects on which nothing whatever was done and no part of the votes spent. There must be some explanation other than what the minister gave in connection with Newfoundland.

Mr. Fournier (Hull): If the hon. member will look at the details on page 398 he will find this:

Less: Estimated amount by which actual expenditure on all listed projects will fall short of the total of amounts that may be required for each, $450,000.

[Mr. Fournier (Hull).]

That leaves a total of $1,215,000. We know that in every instance we will not expend the whole amount, but I remember one year we spent $2 million more on a project than what we had asked for. I had a lot of trouble getting treasury board to approve a transfer from another item in the same vote to this project and I had to come back to parliament and ask for it. The real estimate here is not $1,665,000; it is less $450,000. That is by way of explanation.

I have explained to the hon. gentleman representing New Brunswick the situation that exists in connection with the four or five cases he put to me. I thought I was able to give logical answers, but perhaps I was mistaken. We did more work in one year in one province than in another, but that is only normal. Next year the probability is that more work will be done in the other province. The staff here in Ottawa cannot give the same attention to all parts of the country. When they start on certain projects they try to complete them.

I am not bragging when I say that I have had some experience in these matters as I have been handling this department for some time. Perhaps I should have a smile on my face, but I know the matter is more serious. I am anxious to see buildings completed so that the country may have all the facilities required. I do not lose sleep over it, but it does keep my mind occupied. I appreciate that the hon. member is a hard worker and is endeavouring to cover the whole country. I will tell my officials to try to meet his wishes and spend the same amount in every province, as he would like them to do.

Mr. Brooks: We appreciate very much the hon. member for York South fighting our battles, but if he will wait until we reach the item having to do with Ontario I think he will find a worse situation than that existing in New Brunswick. There are more revotes there than there are in our province.

Mr. Knowles: Is it a coincidence that they both have Tory provincial governments?

Mr. Montgomery: Can we look forward to something being in the supplementary estimates in connection with the public building at Woodstock? I understand that the minister has some good intentions in connection with that building.

Mr. Fournier (Hull): This building was proposed some years ago and we had had from the departments particulars of their needs in the locality. The building will be two storeys and basement structure, 85 by 90 feet, brick and concrete blocks, stone trim

and tar and gravel roof. We are building on the site of the old building and the estimated cost is $195,000. All we need is the approval of the different departments of our plans because we cannot start construction before that. We have reached that stage.

Mr. Robichaud: I would ask the minister to give some details with respect to the new vote of $70,000 for the Chatham public building.

Mr. Fournier (Hull): This amount is provided for the construction of an addition and for alterations to the public building at Chatham. The proposed work is strongly requested by the Post Office Department which has placed the item in category A priority. The Department of Fisheries and the unemployment insurance commission have also requested accommodation at Chatham. Pending preparation of preliminary plans, we estimate the cost of this work will be $70,000.

Mr. Robichaud: Has the minister had representations from the Post Office Department and the Department of National Revenue for much needed alterations and repairs to the Bathurst public building?

Mr. Fournier (Hull): I would have to look over the file to furnish that information. I would have to look over the file concerning Bathurst to see if the departments have requested space or alterations there.

Mr. White (Middlesex East): Is the new proposed building at Plaster Rock for the post office only? If so, what is the population of Plaster Rock?

Mr. Fournier (Hull): According to the notes I have here—and I read them a moment ago—this amount is to be provided toward the purchase of a site and the erection of a public building for postal purposes at Plaster Rock. The proposed work is strongly recommended by the Post Office Department which has placed this project in category A on their list of requirements. They state that their present quarters are entirely inadequate and that no other suitable premises are available for rental.

Item agreed to.

Acquisition, construction and improvements of public buildings—

328. Quebec, $9,440,000.

Mr. Fraser: With respect to Montreal, there is a vote and a revote for the national film board building. Is it the intention of the government to proceed with that building this year?

Mr. Fournier (Hull): I am not too sure that we have completed purchase of the site. I think somebody raised that question earlier in the session and I answered that we were negotiating with two or three parties who are the owners of the site. Here is the information I have. Notice of expropriation was filed in January, 1951, on the property located on the north side of Cote de Liesse or Metropolitan boulevard, a short distance east from the Decarie and Cote de Liesse circle near the town of St. Laurent. In that instance we have engaged the services of architects for the preparation of the plans. If the hon. gentleman wants to know whether we are going to go ahead with the project, that is the intention of the government. I am under the impression that the architects are now working on the plans.

Mr. Fraser: Has the minister any estimate as to the total cost of the building?

Mr. Fournier (Hull): It is pretty difficult for me to give an estimate because the plans are only being prepared, but I am told that the whole project will cost approximately $5 million.

Mr. Fraser: Is there going to be one theatre or more than one theatre in that building?

Mr. Fournier (Hull): Will it have more than one?

Mr. Fraser: Will there be more than one theatre in the building?

Mr. Fournier (Hull): I really do not know. I have not seen the plans.

Mr. Fraser: The plans are not completed.

Mr. Fournier (Hull): The firm of Ross, Patterson, Townsend and Fish of Montreal is preparing the plans. I have not seen the plans.

Mr. Knowles: Will it be a three-dimensional building?

Mr. Fraser: Has the minister any idea of the total cost of the building?

Mr. Fournier (Hull): I am told that right now they think that the building will cost $5 million, but we have not got the plans and it is quite difficult for me to make an estimate.

Mr. Fraser: What will the site cost on top of that?

Mr. Fournier (Hull): I cannot give an estimate for the building before the plans and specifications are prepared and I cannot say whether the site will be comprised in that amount. We have not completed the purchase of the land and I would not like to give the figures I have here at this time. We have got independent valuators for these sites. The valuations are prepared by Therien, by

Leblanc and by Hebert of Montreal. There are three different valuators. I can give these figures to my hon. friend but I would rather not have them published before we complete negotiations and the purchase.

Mr. Fraser: You have not completed negotiations?

Mr. Fournier (Hull): In one case we took possession of the property and under authority of treasury board and council made an advance payment to Robert M. Cummings and Jack L. Cummings on account of the compensation to be paid as a result of the expropriation of their property. That is just a percentage of the amount of our valuation on the property. If we do not agree as to the balance of the amount we will go before the Exchequer Court because we have given notice of expropriation.

Mr. Fraser: Have you your valuation on the property there?

Mr. Fournier (Hull): Yes.

Mr. Fraser: And how many acres?

Mr. Fournier (Hull): I would hesitate to give the amount. Our valuations would justify us in paying a percentage to the owners of the property in order to take immediate possession, and we would complete the deed as to the balance before the Exchequer Court. Perhaps I am not explaining myself clearly. Suppose the valuation we have is $250,000 or $230,000 or $200,000. We are justified in paying part of the price because we have decided on the project of expropriation. We have given notice. We take possession of the site for this payment so that we can proceed with the erection of the building, and so far as the balance of their claim is concerned that matter will be decided by judgment of the Exchequer Court.

Mr. Robichaud: Will the minister please give us information about the purposes of the proposed public building at Cap aux Meules for which a revote of $25,000 is included in the estimates? Likewise I should like to have information as to the purposes of the proposed public building at Causapscal for which a new vote of $100,000 is provided.

Mr. Fournier (Hull): The amount of $25,000 is required for the purchase of a site and towards the construction thereon of a public building to provide accommodation for the postal and customs services, Department of Transport and other government departments at Cap aux Meules, Magdalen islands. In the case of Causapscal the amount is required for the purchase of a site and erection thereon of a public building to provide improved accommodation for the postal service and the unemployment insurance commission. The deputy postmaster general reports that it has been decided to amalgamate the offices at Causapscal village and at the station in a suitable public building to serve both these communities. At the present time these offices are located in separate premises in these two different places.

Mr. Knowles: Would the minister make a statement with regard to the progress being made in connection with the building for the national printing bureau? Will he tell us when it is expected that the building will be completed and ready for the bureau to move in, and also how much money has been spent to date and whether or not the original estimate is being adhered to?

Mr. Fournier (Hull): Last year I gave an estimate of about $13 million, but I can give a closer estimate this year. It has gone down to $12,800,000. This is a list of the contracts given on that to date. There was a contract in 1950 for $228,695; another contract in October, 1950, for $241,989; a contract for the power house and diesel generating unit, $71,000; a contract for the construction of the concrete structure of the power house, $822,185—these are all after tenders. It is understood, and I shall not repeat it every time, that we called for public tenders and it is the lowest tenderer who gets the job.

Mr. Knowles: The lowest tender in all cases?

Mr. Fournier (Hull): The lowest tender in each case. There was a contract for the construction of the concrete structure of the main building including extra work authorized, $278,179, and the last contract that was just signed some time in December of last year or January of this year, for the completion of the building $7,999,982. If you add that to the cost of plans, provision for contingencies and so on, that makes up this amount of $12,800,000 which I have given.

Mr. Knowles: Can the minister answer my other question as to what progress is being made and when the building will be ready?

Mr. Fournier (Hull): That is a question I should like to answer myself, if I were sure I could give the right answer. This project started—

Mr. Knowles: You are speaking as the member for Hull?

Mr. Fournier (Hull): Yes, I am not speaking as the minister. This project started years ago, and if the hon. gentleman knew all the trouble I have had to get the project going, and even the trouble I have now trying to keep it going, he would not ask me for a definite date. I pray every day that some day I will see the building completed before I disappear.

(Translation):

Mr. Gagnon: Could the minister give me the details pertaining to the amount of $75,000 for repairs and additions to a public building at Bagotville?

Mr. Fournier (Hull): The amount is required for the construction of an addition and for alterations to the public building at Bagotville to give better accommodation to the Post Office Department. The Post Office Department has complained that the present post office was congested, that there was not enough space. The officers of my department have received a request from the Postmaster General (Mr. Cote) in that connection and they have placed that building in class A.

Mr. Gagnon: Does the minister believe that work will be started shortly?

Mr. Fournier (Hull): If I could make any promise to my hon. friend I would do so, but I must tell him that even in my own county I have trouble in getting work done. However I am told that my officers are working on plans and specifications for that building, but I cannot say exactly when work will begin.

Mr. Gagnon: Will the minister oblige me with detailed information as to the item of $250,000 for the construction of a public building at Chicoutimi?

Mr. Fournier (Hull): What I have just said with regard to Bagotville applies also to Chicoutimi. We are going to carry out this project but whether the building will be erected immediately is another question. I understand that the architect has been chosen and that he is going to get in touch with the various services for which offices are to be provided in that building. As soon as the plans and specifications are ready, we will call for tenders.

Mr. Gagnon: Could the minister tell me which government services will be housed in that building?

Mr. Fournier (Hull): The post office, the customs office, the unemployment insurance commission office and, I am told, other government services. I suppose that it is intended to centralize in this new building the various federal services which now exist at Chicoutimi.

Mr. Gagnon: Does that mean that postal delivery in the district will originate from that place?

Mr. Fournier (Hull): I suggest to my hon. friend to inquire from the Postmaster General, when his estimates are before the house, what his intentions are; that is something of which I am not aware.

(Text):

Mr. Fraser: I want to ask one more question about this $900,000 vote. Is this $900,000 for the land and the plans? Is that what it is to cover?

Mr. Fournier (Hull): What we have in mind is the purchase of the land out of this vote and the preparation of the plans and specifications, as well as the commencement of the work. This is the amount the department thinks we would spend during this fiscal year. If we do not spend it I shall come back and say that I want an amount plus a revote of part of this $900,000. Those are the three things we have in mind.

Item agreed to.

Acquisition, construction and improvements of public buildings—

329. Ottawa, $7,000,000.

Mr. Green: This vote covers buildings in Ottawa, and I should like to ask the minister about several of the projects. The first one is a vote of $50,000 for the construction of a parking area north of Wellington street. Can the minister tell us where that is to be, and why it is costing that much for a parking lot?

Mr. Fournier (Hull): This amount is to provide for the construction of a parking area on the flat land north of the temporary buildings on Wellington street. Additional parking space is urgently required. The new area will serve buildings already erected and to be erected in this area. This is a new vote which was just introduced in January. I have not any more details in my notes. If the hon. gentleman knows where temporary buildings Nos. 1 and 4 are on Wellington street, the idea is to level out a space behind these buildings to construct this parking area. No work has been done to date.

If the hon. gentleman knows the city of Ottawa well, he knows that the parking situation in Ottawa is extremely difficult. We are trying to help out by having a parking space down behind the Supreme Court and behind these public buildings. I think we will do this work this year.

Mr. Fraser: I am glad to hear that the minister is making a parking space at the rear of the Supreme Court building, because I brought that matter to his attention the year before last. I just wondered why the dirt from the excavations for other projects was not put in there.

Mr. Fournier (Hull): My information is that the dirt from the excavations for these buildings is put on other government properties in the district. I do not know exactly where they carried the dirt from the excavation of the Wellington street site, but we used it on other government property for levelling off and filling in.

Mr. Green: Then, there is a further item of $50,000 for the national library. Is it planned to commence construction of the national library during the present fiscal year or just what will that vote cover?

Mr. Fournier (Hull): I am told that this amount is for the preparation of the plans. The site chosen is still occupied by No. 1 temporary building, and whenever we can remove that building we want to have the plans ready to put up the national library.

Mr. Green: Then, there is a vote of $150,000 for a service building for the Royal Canadian Mounted Police near the seminary building. Apparently this is the first year there has been a vote for that building. Will the minister tell us what the total cost of the building is to be?

Mr. Fournier (Hull): The Royal Canadian Mounted Police report that additional space is absolutely essential for the efficient operation of their headquarters and to take care of their normal expansion requirements for the next five years. It is proposed to provide the required accommodation by erecting a building at the rear of the Ottawa seminary building which is presently occupied by the mounted police under a five-year lease. It is proposed to erect a building in close proximity to the seminary to provide 12,500 feet of space. The preparation of plans and specifications has not yet been undertaken and a description and an accurate estimate of the cost of the proposed structure are not yet available. However, it is anticipated that the amount of $150,000 now requested will be sufficient to meet the requirements for 1953-54.

Mr. Green: But surely the department must have some idea of the total cost?

Mr. Fournier (Hull): My officials tell me that this is about the amount for the whole of the building. The plans not being completed, it may be up or down some. It is a building of 12,500 square feet. I am told that $150,000 would be about right for such a building.

Mr. Green: Is this building to be in addition to the seminary itself which the minister told us last night was being rented for the mounted police at an annual rental of $370,000?

Mr. Fournier (Hull): Even at that, when they moved out of the justice building and went over there, they still found that they did not have sufficient space. They made this request to the Department of Public Works to furnish them with another 12,500 feet. So this building, I am told, will not be of a permanent character as are the buildings you have on Wellington street, like the veterans' building or the justice building. It will be to complete the space that they need for their operations.

Mr. Green: Then there will be this new building that will cost $150,000 and in addition to that the department will be paying $370,000 a year as rental for the seminary?

Mr. Fournier (Hull): That is right.

Mr. Green: Is there any intention to expropriate the seminary?

Mr. Fournier (Hull): I would not give any inkling as to that. Actually, for the space we get in that building, I think we are paying a little bit less than we do in the normal unit price over the city. I would not say yes or no. The government has not considered that. We needed space badly for the staff of the mounted police who had been asking for it since the war, and this was the only place that we could get rapidly. We have taken a lease on it for five years. As to the future intention of the government, the matter has not been considered, to my knowledge.

Mr. Green: Is the rental the same for each year?

Mr. Fournier (Hull): Yes; for each year.

Mr. Green: Then there is another vote for the parliamentary library, fireproofing and renovation, $500,000. Will that complete the renovation of the parliamentary library?

Mr. Fournier (Hull): No. Our estimate is about $1 million. Plans are actually being prepared by Mr. Mathers, architect from Toronto, who is actually working on them. The moment we close the house here—on May 2, I hope—they will have workmen taking down the whole tower. This will be—and I am telling the committee this right now—one of those undertakings as to which I do not think that anybody, even with plans, would undertake to give a firm price. I have looked into the matter since we had that fire. I have consulted various people. I am told by the best architects and contractors in these matters that, with respect to an old building constructed just after confederation, nobody would want to give a firm price for the rebuilding and fireproofing of it, even if we had plans, because we cannot make definite specifications for that. They have to tear it down to see what is in it. I recall an instance, with regard to one of our buildings that we were repairing, where we even found secret rooms.

Mr. Green: You might find some of the party skeletons in there.

Mr. Fournier (Hull): Perhaps of both parties. I am told that we estimate the cost at $1 million but that we do not expect in this fiscal year to spend more than half a million.

Mr. Green: Will that work be done on a cost-plus basis?

Mr. Fournier (Hull): I do not like cost-plus contracts. What I have in mind is this, although I do not know whether I shall proceed. I intend to get in touch with the biggest contracting firms, or some of the biggest contracting firms—four or five of them in the country—and have them look over the building; then I shall ask them what fixed fee they will charge us with regard to this building, keeping the exterior appearance as it is, to make it fireproof and probably to extend the basement which would serve as stackrooms. If they give me a fixed fee price, through our audit branch and our budget people we would keep the amount of the expenditure down on the building. But I would not want to give out a cost-plus contract. It would be a fixed fee. Suppose they said they wanted so many thousand dollars to do the job. I would have them sign a contract. If I can succeed in that way, I think that is about the best procedure that I could take in this instance. I am telling the committee this beforehand.

Mr. Green: What will be the difference between that system and the cost-plus system?

Mr. Lesage: All the difference in the world.

Mr. Fournier (Hull): If I give a cost-plus percentage on the construction, what will happen I do not know and I do not think the hon. gentleman knows. The higher the cost, the higher the fee.

Mr. Green: That is true.

Mr. Fournier (Hull): I do not like to give contracts of that kind. I like to know exactly where I am going.

Mr. Green: By working on the plan on the basis the minister has in mind, the contractor would get whatever the cost of the building would be, whatever it actually cost the contractor, and then in addition he would get a fixed fee?

Mr. Fournier (Hull): That is right: His profit would be that fixed fee which I would know in advance.

Mr. Green: Of course that procedure would not have any tendency to bring down the actual cost of doing the work, would it?

An hon. Member: No.

Mr. Lesage: Yes.

Mr. Knowles: The other method would tend to increase it.

Mr. Fournier (Hull): It may not bring down the cost much but it would probably have this result. When they have a fixed fee, they want to earn that fixed fee as soon as possible. That would be the incentive. They would not care about the cost so much but they would say, "If in a year we can make so much money out of this, let us do it;" and they would not let it spread over a lengthy period.

Mr. Green: Did I understand the minister to say that the exterior of the library would be kept the same; that is, that it would look the same from the outside?

Mr. Fournier (Hull): What we have in mind is to keep the exterior appearance of the library the same as it was. We will have no wooden rafters or things like that. We will have them all fireproof. I do not know how they will proceed with it but, from the exterior, it will be the same building as we had before this fire.

Mr. Fraser: What about the interior?

Mr. Fournier (Hull): The interior will be fireproof. How we will fix up those book shelves, in order to keep the wooden ornaments on the shelving, is this. I am told that they have a way of fireproofing that wood, of treating the wood with something that is fire-resistant. I am no expert in these matters, but that matter was discussed. I thought that if they could find a way to do that, it would be the best thing to do because we are trying to keep the same old library in appearance, but fireproof inside and outside.

Mr. Fraser: It is not only a useful building but it is a great attraction to tourists and I hope that it is kept "as is".

Mr. Fournier (Hull): We are not unmindful of that fact.

Mr. Browne (St. John's West): I should like to ask the minister a question about the practice with regard to the payment for materials where a fixed fee is given the contractor. Are the bills for the materials examined by some official from the department before payment is made to the contractor or is he entitled to put in any price he likes?

Mr. Fournier (Hull): In a case like this, when we pay the cost of everything, the finance department have what they call their audit branch. They are on the job and they handle this part of the work because that is the financial part of it. They are on the job and they handle this part of the work, because it is the financial part of it.

Mr. Browne (St. John's West): Whether the contractor supplies the materials or whether the government supplies it.

Mr. Fournier (Hull): When the contractor gets a contract on a firm basis, well, he handles all the material part of it. That is his problem. In this case we would have it because these materials would be bought by finance or by public works on a certificate of finance, who would be right there. They have their men on the job, that is, the audit branch of finance, and as soon as we get the bills certified by the finance department we would pay them.

Mr. Noseworthy: I notice that Ottawa is one place in Canada where the minister's department succeeds in at least getting started on most of the projects for which money is voted from year to year. Of twenty items listed for Ottawa, only three are complete revotes, three small items, two for the mines branch and one for the Department of Agriculture. Apparently on the other seventeen the minister's department has some work in progress. Will the minister tell us why?

Mr. Fournier (Hull): I have a good answer to that. Ottawa is the capital city. Two hundred and sixty-two members spend six months of the year here watching what is going on, and pressing for this to be done in the house. So my officials, who are listening, just get to work quicker probably than if it were out in some little place where it is never mentioned except by our officials out there. Do not compare Ottawa with Hull. Ottawa is the capital city.

Mr. Noseworthy: Move the capital.

Mr. Fournier (Hull): Every day in this house somebody will speak of some building or some facility, some elevator that is not working, or some clocks that are not running well, so we have the staff here that tries to meet the wishes of the members of parliament and the population. Is that a good answer?

Mr. Noseworthy: I was really congratulating the minister and not criticizing him in any way. Am I to understand from the remarks of the minister that the extent to which the government proceeds with works for which money is voted depends largely upon the members of parliament in the constituencies or within these premises.

Mr. Fournier (Hull): May I ask the hon. gentleman a question? Would it not be human nature, when you have 262 people around you who are trying to find fault all over the place, that my officials do not want me to be blamed day in and day out so they get to work and I help them sometimes myself.

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

Mr. Noseworthy: Will the minister tell us why he was not able to proceed with the two buildings for the mines branch for which estimates were voted last year to the extent of $50,000 each?

Mr. Fournier (Hull): I am told by my officials that this was not considered as urgent as the other buildings that were on the list. The sum of $50,000 is just a start. I understand that the project will run into a good many hundreds of thousands. I cannot think of any better answer than that.

Mr. Noseworthy: There is a $50,000 revote for a chemical laboratory, and a $50,000 revote for another building for accommodation of the mines branch. There must be some reason why the minister could not get started on these.

Mr. Fournier (Hull): I understand that we did quite a bit of work for that department in the city of Ottawa, and the other departments had more pressing things, and we gave priority to the other departments. That would be the only reason, I would think.

Mr. Fraser: About three years ago I asked the minister a question and he promised to look into it. It had to do with the main heating plant and the smoke from that plant which just covers this building at times; so much so that in the parliamentary restaurant you cannot have the windows open because the soot comes in the windows and covers the tables and it also happens in the members' rooms.

Mr. Fournier (Hull): I am glad the hon. gentleman brought that question up. This is another one of those questions where the officials do not agree among themselves as to whether we should experiment with smoke abatement in the city of Ottawa. I think we are trying some experiment some place with some company from Toronto to see what the effect is. In this city you see reports from the authorities showing that some of them believe in it while others say there is not very much to it. We have nothing that is guaranteed that will cure this. We are experimenting at the Elgin building right now.

Mr. Fraser: Is there not a bylaw in Ottawa which says that the smoke has to be kept down as much as possible?

Mr. Fournier (Hull): There is a law over in my town, too, but the Woods Manufacturing just dirty my paint every year and I have to paint over. They have bylaws and everything, but I have not found them of very much help though I am personally interested. The same thing applies here.

Mr. Green: Has the minister given up all thought of trying to get tenders for the library?

Mr. Fournier (Hull): Well, since the fire took place I have done quite a bit of work on this. I cannot find anybody who will advise me that they can prepare detailed plans with these specifications down to the point where any contractor would like to bid a firm price. It does not mean that we will spend more, but the risk of undertaking this on a firm price is great. Yesterday, we were speaking of people who have contracts with the government and who go bankrupt. Some other people who are contractors do not want to take those chances. If I were a contractor, after listening to everything that was explained to me, I would hesitate to undertake that job on a firm price. We have been experimenting on the quality of the material. There is steel and iron in that building that came over from Britain in 1776. We do not know what remains of the building will be used or what new materials will be needed to make it a really permanent fireproof building. This is really one instance where I think I shall get the unanimous consent of members that we are not getting into a venture that we know we cannot have executed, and a fixed fee will be the guarantee, at all events, on what it will cost, and we shall have a finance audit for the materials and work done on it.

Mr. Brooks: My understanding is that the building is far too small. Are we to understand now that we shall have a library constructed of the same size as the one that is there?

Mr. Fournier (Hull): We have a report from the parliamentary librarians and the archivist and a committee that was set up for that purpose, that if we can excavate two tiers below the surface we shall have two floors or stackrooms for these books. The report of these men is that the space we shall have when the building is renovated will be sufficient for the parliamentary library.

Mr. Brooks: You are going underground.

Mr. Knowles: That takes into account the building of a national library as well.

Mr. Fournier (Hull): Yes. Probably they are taking into account the fact that we shall have a national library in the future.

Mr. Green: The minister can rely on the advice he gets from the librarians and the archivist. In my opinion they are very reliable people.

Mr. Fournier (Hull): I have named these two and the archivist.

Mr. Green: There are two other items here that I wanted to ask a question about; one is an item for $700,000 for a site for departmental buildings. Where is that? Does it cover anything more than the actual land? My other question has to do with a vote of $650,000 for testing laboratory for the minister's own department. Where is it to be? What will be the total cost? What is to be tested?

Mr. Fournier (Hull): This item of $700,000 is to extend the site we have at Tunney's Pasture, where we now have the statistics building and three other buildings. This falls in line with the plan of the capital planning committee. This is a site, adjacent to the centre of the city, where we will centralize a good many of our activities.

I have here a list of estimated costs of that site, and the improvements to be made on it so as to bring in the ordinary services required. I have not all the details. This is an extension of the site I have mentioned. In addition to the statistics building we have two storage buildings, and are planning a further one.

Mr. Green: How much will be paid for the land?

Mr. Fournier (Hull): I am told we own the site. These are the services for the buildings to be put up, and would include sewage, water distribution, excavation for heating and underground electrical work, and amounts for earth and rock grading, and filling. There is a contract for the sewage and water distribution system, for excavation, for construction of the electrical underground service. All this is under contract and is being done now. This is the amount we would spend during this fiscal year.

Mr. Green: The $700,000?

Mr. Fournier (Hull): Yes.

Mr. Green: What about the testing laboratory?

Mr. Fournier (Hull): This will be a two-storey building, with basement, the main section to be 202 feet by 50 feet. It will have two wings, each of 50 feet by 96 feet. It will have a reinforced concrete frame, brick and tile walls, with brick facings and concrete trim. This is for our testing laboratory connected with the Department of Public Works. Because of the increased amount of construction, the amount of work we have to do has developed tremendously. At the moment we are operating in the basement of the west block; but we are told we must leave there because that space could be used for some other purpose.

Mr. Green: Will this amount cover the total cost?

Mr. Fournier (Hull): No. The estimated cost is $1 million. This would be the amount we expect to spend this year.

Mr. Browne (St. John's West): Where is the building to be erected?

Mr. Fournier (Hull): At the same location, Tunney's Pasture.

Mr. Noseworthy: Has the government any vacant land adjoining the mines branch buildings, on which to erect the buildings for which money was voted last year?

Mr. Fournier (Hull): Yes; we have expropriated the property on Booth street, to continue the properties occupied by this department.

Item agreed to.

Acquisition, construction and improvements of public buildings—

330. Ontario (other than Ottawa), $10,500,000.

Mr. Fraser: I have thanked the minister personally for fulfilling eventually his promise that the Peterborough federal building would be erected. When does he contemplate that it will be finished?

Mr. Fournier (Hull): The minute I finish my estimates I will make inquiries. It is quite consoling to the poor minister who is trying to make headway with his estimates to hear what the hon. member for Peterborough West has to say.

Mr. Fraser: I am glad the minister has fulfilled his promise, because I have been asking for the building for thirteen years.

Mr. Fournier (Hull): Well, you were patient.

Mr. Brooks: I have been asking for only three years; I have ten to go.

Mr. White (Middlesex East): Mr. Speaker, I should like to ask two or three questions. The first will have to do with the city of London, and the other two with St. Thomas and Port Stanley. I notice that in 1952 there was a vote of $25,000 to purchase a London postal terminal, now described as the former International Harvester Company building.

Mr. Fournier (Hull): In London the amount is required for the alteration of the International Harvester building in that city to provide accommodation near the Canadian National Railways station for the postal service. Is that what the hon. member has in mind?

Mr. White (Middlesex East): Yes.

Mr. Fournier (Hull): With the exception of the amount for supervision, this sum seems to cover the amount required for alterations to be made to the building. My notes show that, under an Exchequer Court award, the amount paid is $155,000. There will be about $60,000 more. We have not begun those alterations. I am asking for this amount so that we may begin.

Mr. White (Middlesex East): To date, what has been the cost of the International Harvester building? In the estimates for 1952-53 there was an amount of $300,000. Then there was a revote of $200,000, and I find that in this year's estimates there is a revote of $50,000.

Mr. Fournier (Hull): The whole thing, when completed, will be $215,000. The cost of the building is $155,000; there is the sum of $50,000 for alterations and supervision, and a contingencies fund of $10,000.

Mr. White (Middlesex East): At the time the deal was being consummated there appeared to be some procrastination. The final purchase was not made from the International Harvester Company, but through some other firm that had come in and made the purchase. It cost $50,000 more than it would have otherwise.

Mr. Fournier (Hull): My information is that we went to the Exchequer Court and got an award from that court.

Mr. White (Middlesex East): My next question deals more particularly with St. Thomas. A year ago there was an estimate for $100,000 for a new post office at that point. What progress has been made?

Mr. Fournier (Hull): This future building, which is not yet constructed, would be used by the Post Office Department and the customs branch, as well as the unemployment insurance commission, the Department of National Health and Welfare and the Department of Transport. We did purchase from the city, if I remember correctly, a site at a cost of $55,000. We have not made much progress, to date. The site is described as lots 7, 8 and 9, east on Mondamin street. The lots are set out on plan 179. I would rather not give a definite answer concerning the project right now.

Mr. White (Middlesex East): Then, I am interested in Port Stanley, partly because of the fact that a railway runs from London to that point. I mention it, too, because my colleague is not in his seat.

Mr. Fournier (Hull): There is no item for Port Stanley.

Mr. White (Middlesex East): No, but there should be

Mr. Fournier (Hull): You had better sit over here, and put it in.

Mr. White (Middlesex East): Just a moment, now. I hold in my hand return number 39 which shows that the department spent $44,200 at Port Stanley in an attempt to raise a dredge that sank there a year ago.

Mr. Fournier (Hull): This would not be under the architects' branch. Would the hon. member wait until my engineers are here?

Mr. White (Middlesex East): There is something else I want to take up.

Mr. Fournier (Hull): This is not the same branch of the department.

Mr. McIvor: As Fort William is in Ontario I should like to have assurance from the minister in connection with the buildings for customs and immigration at Pigeon River. I understand that difficulties have been encountered for which the Department of Public Works are not responsible. I was much concerned last fall when a report came out that these buildings would never be completed. People came to me about this and I told them that when the Minister of Public Works says that he will do a thing, he does it, or he gives a good reason. I have not heard any reason why he is not going to do it.

The report came out that the trans-Canada highway was going to be rerouted. I do not think that will happen but that report has been coming out for twenty years. I should like to have the assurance that the immigration officials at Pigeon River will not have to put in another winter in the building they have been living in for the last forty years.

Mr. Fournier (Hull): This amount is required toward the construction of a customs-immigration terminal, including a warehouse and bus terminal at Pigeon River, Ontario, to provide improved accommodation for the immigration service. Plans and specifications for the proposed buildings have not yet been prepared and it is anticipated that the required accommodation will cost around $250,000. I must admit that not much has been done about it. Additional property will be needed at the international bridge adjacent to the existing building as a site for the proposed new facilities. We will give this our attention and do the best we can.

Mr. McIvor: That means that we will have these buildings before next fall. That is good enough for us.

Mr. Noseworthy: Apparently the minister objected to my contrasting the work done by his department in Ottawa with that done in other parts of the country. Perhaps a comparison of the work done in the two central provinces would be more appropriate. I find that of the items listed for Ontario there are 38 revotes, while in the case of Quebec there are 21. Of the 38 revotes in Ontario, 27 are complete revotes and amount to $2,650,000. That means that last year we voted $2,650,000 for public works of one kind and another in Ontario which were not even started. In contrast with that there were only 7 or 8 of the revotes in Quebec that were not started.

I am not objecting to where the minister spends his money or where he puts up public buildings, but I do object to his department coming to parliament, as it did last year, and getting votes of over $12 million for public works in Ontario, Quebec and the maritime provinces which were not used. In the case of projects amounting to approximately one-half of that $12 million, nothing was done. I do not know what the total would be for all Canada, but if in the case of five provinces it amounts to $12 million I think some criticism is warranted. In the case of half that amount the department did not even begin to do any work.

That is my criticism of the department. In some provinces the minister is able to make a beginning on practically every project for which money is voted, but in the case of Ontario there were 27 communities which were promised public buildings last spring and for which the money was voted but still nothing has been done. I think that feature of the minister's department requires more explanation than has been given.

Mr. Fournier (Hull): I will try again to convince my hon. friend that when I submit my estimates to treasury board everyone knows that I will not spend more than 80 per cent of what I am requesting. I am told by them that in the case of construction work I cannot commit the department without the assurance of these extra amounts being voted. Perhaps they are all wrong, but I think the hon. member knows that the treasury board with its financial experts are far more critical at times than members of parliament. The members of the treasury board do not make requests for public buildings while members of parliament do.

Suppose the Post Office Department makes a request for a building in a certain town which is given top priority. The member approves and the public bodies in the town request the building. We know the work we have to do during that year. I cannot convince those organizations that I should not have an amount in the estimates. I will tell my hon. friend why.

Once an amount is in the estimates it is quite difficult to go back on your word. It may take time to put up the building, but the amount has been passed by the government, the treasury board and parliament. Take this item of $15,000 for Rothesay. As a responsible minister I think I am bound to erect that building despite what the other departments, or even my officials, may say. The building has not been put up because they have found reasons for not putting it up. They say that perhaps it could be done another way; perhaps there is enough space; perhaps it would be better to rent space.

If a minister of public works came into the committee and said: "I am asking for these amounts and I give my word that during the fiscal year I will spend every cent", I do not think he would be kept as minister of public works.

Mr. Noseworthy: The minister still has not explained to me why his department could make a start on all but seven projects for which money was voted last year in the case of one province and yet was not able to make a start in the case of 27 projects for which money was voted in another province.

Mr. Fournier (Hull): Probably in the preceding year or two years ago the reverse was true. Has the hon. member looked over all the estimates since confederation?

Mr. Noseworthy: I am considering last year only.

Mr. Fournier (Hull): That is the only way the hon. member can back up his argument. He would have to make a real study of the matter and take all the estimates since confederation.

Mr. Aylesworth: Would the minister give the total cost of remodelling the customs house at Kingston, the total cost of the furnishings for the same building, and whether the work was done by tender?

Mr. Fournier (Hull): I can give my hon. friend all that information, but it is not in these estimates. If the hon. member wishes, I will get every detail for him and have the information sent to him. We have no item here for that project at all, so I will have to ask my officials to look over the file. We will answer it for him.

Mr. Aylesworth: I understand the building is nearly completed so you will have the figures some place.

Mr. Fournier (Hull): That is why we have not got an estimate for it. That is one of the projects where we have no revote. I will give the hon. gentleman every detail.

[Mr. Fournier (Hull).]

Mr. Aylesworth: Has it all been done without any authority?

Mr. Fournier (Hull): No. You can be sure if I tried to do work and did not have the money it would not only be members of parliament who would check me. There is the auditor, the comptroller of the treasury, the Department of Finance and the treasury board. Do not think I am alone in this. I have company. I will undertake to give the hon. member every detail on short notice the moment I am through.

Mr. Ross (Hamilton East): I want to know something about this vote of $500,000 for an office building at Hamilton. We have had that property for quite a while. What progress has been made? When are you going to call for tenders?

Mr. Fournier (Hull): This is the new public building for veterans affairs, the unemployment insurance commission, trade and commerce, national defence, the air force, labour, transport, agriculture, national revenue, health and welfare, customs and immigration, and citizenship and immigration. This is a new item. I cannot be blamed for having a revote. It is not a revote. It was only brought in in January. I may say we have appointed an architect, Hugh D. Robertson, to prepare plans. The site acquired for the building is the block bounded by George, Caroline and Main streets. The property has a frontage of 194½ feet on Caroline street and a depth of 241 feet. We brought the property for the site from the Hamilton board of education. We are having plans prepared, and the moment we have the plans and specifications we will ask for tenders.

Mr. Ross (Hamilton East): Wait a minute. The plans have been prepared for a couple of years. When are you going to call for tenders on the job?

Mr. Knowles: Before the snow flies.

Mr. Cardiff: Just before the election.

Mr. Fournier (Hull): I am told this item was included in the estimates for a few years and then dropped. We have now come back to it, and we did not want to put it in as a revote in order to please certain members. We expect to start work this year. I am serious.

Mr. Ross (Hamilton East): No fooling? I see there is $500,000, but what is the estimated cost?

Mr. Fournier (Hull): Three and a half million dollars.

Mr. Tustin: Inasmuch as we have been talking about revotes, there is one small project under item 330 that I would not like to see

dropped as in the case raised by the hon. member for Hamilton East. About three years ago the department purchased a building in the village of Bloomfield for a post office. Last year there was a vote of $15,000 for renovating the building, but no work was commenced. I notice that it is being revoted this year. Yesterday the minister said that there was a shortage of contractors and materials, but I can assure him that there is no shortage of contractors in that district to undertake this small job. All he will have to do will be to hand a blueprint and the specifications to any one of the contractors and they will be delighted to carry out the work for him. I can assure him they will do an excellent job. It is most essential that the work be done as soon as possible because the situation is very inconvenient as it is at the present time.

Mr. Fournier (Hull): I have good news for the hon. member. I am told that the plans are nearly completed and my chief architect says that he is going to start. It is not a very big project and we can complete it in a short time.

Mr. Tustin: From the smile that came over the minister's face while I was speaking, I thought that was likely the case.

Mr. White (Middlesex East): In looking further through the estimates I find that Port Stanley is mentioned.

Mr. Fournier (Hull): Certainly, but not in the architectural branch. When I have my engineers in front of me I will be ready to answer the hon. member.

Mr. White (Middlesex East): I refrained from taking part in the administration debate for the very reason that the minister wanted to get on so that he could give us the details, but I find now that the proper thing to do is to take part in the administration debate and also get the answers when we come to the items.

Mr. Fournier (Hull): So they are repeating themselves.

Mr. White (Middlesex East): Never mind. I find it difficult to get what I want. I notice that there is an amount of $160,000, including a revote of $75,000, set aside for work at Kagawong. As I said, I am interested in Port Stanley because of the fact—

Mr. Fournier (Hull): Mr. Chairman, the hon. member is dealing with the engineering branch. What he is mentioning now is in the engineering branch. I have my architects here and not my engineers. I do not want to stop the hon. member, but if we can finish the architectural branch then I will have the engineering staff and will be ready to answer.

Item agreed to.

Acquisition, construction and improvements of public buildings—

331. Manitoba, $1,450,000.

Mr. Knowles: I should like to ask the minister one or two questions about the new post office building that is being erected in Winnipeg. First of all may I say that we were glad to get his answers to certain questions of mine which appear in *Hansard* for March 9, at pages 2731 and 2732, and which indicated that provision was being made in the construction of the building for a certain amount of off-street loading and off-street parking. As the minister knows, the problem of parking is an acute one in most of our cities, and while it might be argued that it is not the responsibility of the federal government to solve the Winnipeg parking problem still I am sure he will agree with me that no federal building should be allowed to aggravate the problem.

It is on that basis that some of us from Winnipeg have urged that the fullest possible provision for off-street parking be included in the plans for the building. After receiving a favourable answer to questions which I placed on the order paper last March, we learned that the plans for the new post office building did not include provision for a full basement. I was rather surprised when that information came to my attention. As a matter of fact I learned it in a letter from an organization known as the downtown business association of Winnipeg which, over the signature of Mr. C. A. Campbell, the president of that association, wrote to the minister on March 25. The association learned that provision was not being made for a full basement and expressed the hope that consideration would be given to revising the plans to include such provision. After hearing from the association on the matter, I wrote to the minister in support of Mr. Campbell's representations. As the minister appears not to have had the opportunity to reply to my letter yet, perhaps he might give the answer now.

Is it true that there is no provision for a full basement? If that is true, and thus far it has not been possible to change those plans to include such a provision, these Winnipeg businessmen suggest that additional parking facilities could be provided in such a basement if the post office has no use for it. As a matter of fact, any additional expenditure required could easily be recovered through the provision of parking space in that area where parking is a very serious problem. There are one or two other matters

suggested in this correspondence to which I have referred, and perhaps the minister could give a reply to those matters now.

Mr. Fournier (Hull): I do not know what definition is given to the words "full basement" in the mind of the hon. gentleman. We did receive that correspondence, and we referred it to the architect for further study to ascertain whether or not such a thing would be feasible and economic. I am told that we will use part of that basement for the storing of post office vehicles.

I am glad the hon. member brought up this Winnipeg question. We expect to call for tenders for the excavation in the very near future. The plans are to be completed some time late in the summer or early fall. This is one of those buildings that does compare with other large buildings, even those in the capital city. The estimate I have here for that Winnipeg public building is $14,900,000, and that beats the printing bureau in Hull. You see, we are not limiting our activities to the capital city. This is a big building.

Mr. Knowles: Winnipeg is a big city.

Mr. Fournier (Hull): Yes, but we have other large cities in the dominion. This project has been under consideration for some time, and the plans have been changed because we could not get the post office to give us the space they needed. This year we expect to call for tenders for the excavation and complete the plans, and next year complete the building.

Mr. Knowles: The minister will forgive me if I did not follow him closely enough to understand completely what he said about the full basement. I should like to read one sentence from the letter from Mr. C. A. Campbell to the minister, dated March 25 of this year. He said:

> At the same time, we were disappointed to learn that the plans provided for only a partial excavation of the basement.

Then Mr. Campbell went on to suggest not only the desirability of having a full excavation to provide for parking facilities, but the suggestion was also made that it may be worth while to think of plans for a bomb-proof shelter in the event that such should be necessary. Do I understand from the minister that it is still the case that there is to be only a partial excavation, or has that question been reviewed in the light of these representations?

Mr. Fournier (Hull): According to the plans this building will have a full basement, which is needed for the building. Now, we never thought of building under that basement a bomb shelter or garage for the public; that is another project. When we put up a building for the government service, I do not know if parliament would authorize me to start building a garage for the public. I do not feel like going into the garage business in the future. If we are going to have a bomb shelter under there two or three storeys deep, that is another problem. I would have to be advised by the military authorities, or those who know something about civil defence. What I am interested in at the moment is giving Winnipeg the best building we can for the government services that are provided there.

Mr. Knowles: In the light of what the minister has said may I just read another excerpt or two from this same letter, to make it clear that we are not suggesting the federal government is obligated to deal with Winnipeg's parking problem. We do suggest that the federal government should take into consideration the extent to which that building may aggravate the problem. Let me read this part of Mr. Campbell's letter:

> The tenants of the building and the employees of the post office will require parking space which, if not provided in the building, will have to be found elsewhere. For this purpose alone, parking space in the building merits serious consideration.

In the same letter Mr. Campbell says:

> As businessmen we are not ones to advocate unnecessary government expenditures, but this is one project where we feel the additional expenditure is not only justified but absolutely essential.

In another place in the same letter he suggests that we now have parking meters in Winnipeg and we are used to paying for our parking, so any additional expenditure would be recovered in a short period of time.

Mr. Churchill: Mr. Chairman, I thought the minister was going to have something to say in reply to that last statement by the hon. member for Winnipeg North Centre. I want to support what has already been said with regard to this matter. I think it is a subject which deserves serious consideration. I am not sure the minister wished to convey the impression that the department is under no obligation to provide garage facilities—I think he used those words. I do not think that enters into it at all. The problem is one of off-street parking which, in part, has been dealt with by the minister and his department in his plans.

This committee in Winnipeg which has been working on the matter has put forward a reasonable proposal. As the hon. member for Winnipeg North Centre has pointed out, revenue would be derived from the off-street parking in a full basement, which would offset any extra costs involved. I noticed also in the minister's remarks that he said a full basement would be provided for the requirements of the building. I think the word "full"

requires a definition. What is being requested is a complete basement under the structure that will provide for the two purposes that have been outlined.

The second purpose, I think, is deserving of very serious consideration, and that is the shelter in case of air raids. We are living in an age when this problem should be taken into consideration. It does not necessarily imply, as the minister suggested, a deeper excavation for air raid shelter purposes. An underground basement, with a properly reinforced structure overhead, will provide a certain amount of protection.

I should like further comment from the minister on this point and he might, perhaps, add an answer to this question. In the construction of public buildings across our country now, is consideration being given to the provision of bomb-proof shelters? I think that might well be considered for all our public buildings.

Mr. Fournier (Hull): I am told that we have not reached that stage of development in my department where we will ask parliament for money for the building of bomb-proof shelters. Perhaps as time goes on, we will. This is a new idea, that when I have a $14,900,000 building to put up for the service of the people of the country, you add to that a substructure the size of the building which would serve as a bomb shelter and as a garage for the public. Then you are getting into something that I have never considered. I am having enough trouble in getting the ordinary buildings erected without starting on this. My officials tell me that is the most expensive thing we can do, to build garages below the surface and man and maintain those garages. Whether they are right or wrong, I do not know. They tell me they have discussed this with the people concerned. I am told that such a project would cost over a million dollars. I do not know whether parliament would wish to give me that authority.

This is a new question. I do not say there is no merit in it when money is no object, but I have to limit myself to what parliament gives me, and I think I am asking for substantial sums right now. Oh, I would not want to discourage all good improvements for public buildings, but this is one as to which I think I should wait perhaps another session before I would undertake anything.

Mr. Churchill: I do not think the minister can have it both ways. He cannot say that no consideration has been given to this—

Mr. Fournier (Hull): It has been considered.

Mr. Churchill: —and then say he would be asking for $1 million. What we are asking is this. Will consideration be given to matters of this nature in the construction of public buildings? Simply to brush it aside with the suggestion that this will cost another million is not, I think, exactly what was in the minds of those who were asking those questions.

Mr. Fournier (Hull): I do not want to leave a bad impression, but my officials tell me they have been considering this with a committee here in Ottawa and to date have not come to a decision. The same request might be made with respect to almost all public buildings in cities. This would be a matter of government policy on which I would not want to undertake to make a decision myself. It is quite a huge proposition.

Mr. Knowles: Without pursuing the argument any further, Mr. Chairman, there is one point I should like to make clear and one question to which I should like to get a clear answer. The point I wish to make clear—and I am sure the hon. member for Winnipeg South Centre agrees with me in this—is that we are not asking the government to deal with a problem that is Winnipeg's responsibility, but rather that it should be prepared to deal with a problem created by the fact that the federal post office is being placed in that area. We feel that undoubtedly it will aggravate the parking problem in that area, and that it is not inconsistent with federal responsibility to ask that consideration be given to dealing with the aggravated part of the problem.

The question to which I should like to get a clear answer is one which the hon. member for Winnipeg South Centre suggested. I should like to get a precise definition as to what the minister means when he says there will be a full excavation for the purposes of the building. Let us suppose for the moment that the request made by this association is not being met. I think the minister would agree that even so, it would be less expensive to have the entire area of that city block excavated now before the building is put up rather than to leave it until later.

Therefore my question is this. When the minister says there will be a full excavation of the basement for the purposes of the building, does he mean just that portion of the city block which is necessary for what they have in mind or does he mean the basement will be excavated for the entire city block bounded by Graham, St. Mary's, Smith and Garry?

Mr. Fournier (Hull): This building will not cover the whole block, I understand, because you have to have circulation for those trucks and vehicles that service the post office. But the whole basement ground, according to the plans, is needed for the operation of the building. What you people suggest is that I

go further underground to build this special bomb-proof shelter and garage; and that is what my officials tell me is terribly expensive and is not needed for the public building.

As to the hon. member's other thought, namely that this building will aggravate the parking situation, may I say that I suppose they have these parking problems in every city where buildings are going up, and we try to meet them as they come. What the remedy would be I do not know. I do not know what the city or the province has in mind to do. It is their capital city, as Ottawa is here. As to the building itself, I would ask hon. members to let me have a go at it and try to put it up.

Mr. Knowles: We have been trying to get the minister to do that for several years.

Mr. Fournier (Hull): I know. I am just on the brink of starting. Do not stop me.

Mr. Ross (Souris): There is one small item here which is rather insignificant when compared with the Winnipeg post office. I should like to support the arguments just made by the other two members from Manitoba, but there is an item here for Boissevain, customs and immigration buildings. It is a revote. Some years ago there was an item in there for this purpose. It was dropped and was put back a year ago; and now it is a revote. There is a great deal of traffic on No. 10 highway through the international peace garden. I am wondering whether the minister can tell us just what the position is, or whether he has anything definite on the matter of construction there?

Mr. Fournier (Hull): Now we have a site. Preliminary plans have been approved for that building. It will be a customs office 32 feet by 65 feet, basement and one storey; public immigration office, 32 feet by 35 feet, basement and one storey; bus terminal building, 21 feet by 74 feet, basement and one storey and rear wing 11 feet by 32 feet with concrete foundation, masonry walls, felt and gravel roof, etc. Estimated cost of the whole project would be $160,000.

After the preliminary plans have been approved I think it will take a few months to complete the plans, and then we will ask for tenders.

Item agreed to.

Acquisition, construction and improvements of public buildings—

333. Alberta, $2,300,000.

Mr. Quelch: I should like to ask the minister a question with regard to the revote for Banff. Has a final decision been reached with regard to the location of the site for the post office at Banff? If so, where will the location be?

Mr. Fournier (Hull): The site selected for the proposed public building consists of lots 35, 36 and 37 at the corner of Bear and Buffalo streets, and has been made available by the Department of Resources and Development. We have engaged the services of Dewar, Stevenson and Stanley, architects of Edmonton, to prepare the plans. We are waiting on the approval of the preliminary plans by the Post Office Department. The moment we get that approval we will complete the plans and ask for tenders.

Mr. Quelch: It is expected to proceed with the project this year?

Mr. Fournier (Hull): I hope so.

Mr. Quelch: What will the building provide for? Will it provide only for a post office, or will there be other features to it as well?

Mr. Fournier (Hull): They tell me that it will house the postal activities and some activities of the national film board.

Mr. Quelch: I have just one other question. Can the minister say whether it is expected to proceed with the new post office at Stettler?

Mr. Fournier (Hull): I see that we have not yet acquired the site. The site selected for the proposed building consists of the westerly 75 feet of lots 25 and 26 and the westerly 100 feet of lot 27. This gives a frontage of 75 feet on 50th avenue and a depth of 100 feet to the south line of lot 27 and a frontage on Taylor street of 150 feet. A survey and valuation of this property are being obtained by the department. We are just at that stage of purchasing it.

Mr. Thomas: For the public building for Wetaskiwin there is a revote of $50,000 plus an additional $25,000. Can the minister tell me whether it is intended to erect a new building or to continue with the plans for renovating the old one?

Mr. Fournier (Hull): This is a new building that we are going to put up. I am told this amount is to provide for the purchase of a site for the erection of a new public building. The post office has put this item in category A of their list of projects. At the moment we have to purchase the site and prepare the plans, and then we shall proceed with construction.

Mr. Thomas: Has the site been chosen as yet?

Mr. Fournier (Hull): I do not think we have acquired the land yet. We have only received the report on the lots that we propose to

purchase, but I have no notes on that report yet.

Mr. Thomas: Is this building going to be used just as a post office, or is it intended to use it for other purposes?

Mr. Fournier (Hull): The firm request comes from the post office, but when it is decided to have a building we ask the other departments, if they have any branches or offices there, what space they would need in the building, and I have not reached that stage yet.

Mr. Thomas: The reason I ask is that there is an R.C.M.P. detachment there, and I was wondering whether it was going to be used to house them as well.

Mr. Fournier (Hull): No, unless they request it.

Item agreed to.

Acquisition, construction and improvements of public buildings—
334. British Columbia, $3,850,000.

Mr. Pearkes: I wish to ask questions regarding the Nanaimo public building and the Victoria public building. With regard to Nanaimo, I do want to stress the importance of making a start on that new building. The item has been revoted for a number of years, and it is imperative that a start be made on that building in the immediate future because money is being lost every year by reason of the fact that the post office has to go out and hire temporary accommodation during rush seasons. Other offices of the government are distributed through the city, and it is really of the utmost importance that a start be made on that new building. Can the minister say whether a start will be made this year? It has been revoted too many times already.

Mr. Fournier (Hull): Well, the trouble in this instance, as I understand it, is that when we started out on this the mounted police wanted to occupy space and we prepared our projects to cover post office, different departments and the mounted police. But now they do not wish to occupy space in that building and we have had to revise our plans. The plans are 50 per cent ready architecturally, and we are proceeding with them. We will lose no more time now that we know who will be in that building and what space we will need.

Mr. Pearkes: I do hope that no further time will be lost, because it is very questionable whether a post office building is a suitable building for the mounted police. I am glad to hear that the mounted police are now going elsewhere.

I want to ask a question with regard to the Victoria public building mail-handling equipment. The new post office in Victoria was opened last year. The Prime Minister came out and informed everybody that it was a splendid building, as it is, and that it had modern equipment. Why is it necessary to expend another $60,000 on mail-handling equipment? I understand—I am not certain whether it is correct—that there is no elevator system for conveying the mail from the basement where it is delivered up to the sorting rooms which are on higher storeys. Is this $60,000 to be used to provide an elevator service?

Mr. Fournier (Hull): I understand that in these post offices where they have conveyors for taking the mail, as the hon. member says, from the basement up to the fifth floor, the conveyors are not included in the main contract. The design for these is made after the building is put up, and space is allocated, but it comes under another heading. They have their experts in these matters. What we do after we get their designs and their specifications is to call for these tenders. Am I correct, or are my officials correct, when I say that in these post offices where there are conveyors they are a separate installation? This amount would be for that special equipment which the post office needs. It is not a part of the main contract for the building according to the plans and specifications.

Mr. Pearkes: The point I want to make is this. This $60,000 is going to provide that carrier service? That is what this amount is for?

Mr. Fournier (Hull): That is what I am told, and it is not comprised in the plans and specifications of the building. It is separate equipment. Once the building has been erected the post office tell us what they want there; and once they decide on this, we do it.

Mr. Pearkes: Are any structural alterations necessary to put this equipment in?

Mr. Fournier (Hull): I am told not. I am told that the openings for these conveyors are put in the plans, but the conveyors themselves do not form part of the building.

Mr. Pearkes: That is satisfactory. I hope this work will be done immediately, because the men are given a lot of additional work in handling the mail from the basement up to the fifth floor of this new post office.

Mr. Fournier (Hull): I think you are right.

Mr. Pearkes: It is a matter of urgency. Will it be spent this year?

Mr. Fournier (Hull): Yes.

Mr. Pearkes: Has the equipment been purchased?

Mr. Fournier (Hull): I do not think I will need a revote on this next year. I will try to spend it this year.

Mr. Pearkes: I hope it will not be necessary to ask for a revote; perhaps you will not be here to revote it.

Mr. Green: There are two or three questions I should like to bring up on this vote. The first has to do with the policy of the department in regard to putting up buildings and purchasing property in centres where there is a town plan. For example, in Vancouver we have a town plan and a town planning commission. The type of building that can be put in certain areas is governed by that plan.

There has been considerable trouble with the minister's department because of the fact that on some occasions the department has erected buildings in an area where office buildings are not supposed to go. We believe the department should do its utmost to co-operate in that regard. I hope the minister will adopt the policy of not breaking down the town plan in these centres and will put his buildings in a part of the city where private individuals can construct buildings of the same type. It is very unfair for the department to go into a one-family dwelling district and put up an office building. I see no reason for the department following a practice of that kind. I hope we can have an assurance from the minister that he will not allow that in future.

Mr. Fournier (Hull): I would not hesitate to give that assurance, because I want to keep our public relations at a high level, and would not want to lose the confidence of the people. I am told by the officials of the department that they try to conform to the planning in different towns and cities. In Vancouver we have three architects, and I would hope they would not advise us to erect buildings that would be contrary to any of the planning regulations of the city. However, I will give the assurance that the officials will co-operate with local authorities before putting up buildings.

Mr. Green: A further question of policy has to do with the refusal of the department to instal washroom facilities for the general public in public buildings. I realize that is a wise policy in respect of most buildings. However, in Vancouver we have what is known as the Alvin building, of which the minister has heard a good deal in the last few years. It should have everything that could be imagined, in view of the price the government paid for it.

Mr. Fournier (Hull): Now surely we are not going to start that again.

Mr. Green: This building is the headquarters of the unemployment insurance commission and the national employment service. Many people go in there each day, and frequently they must wait for hours before they receive attention from the officials. On February 9 these questions of mine appeared in *Hansard*:

1. Are washroom facilities available in the Alvin building, Vancouver, British Columbia, for the use of persons waiting to interview employees of the national employment service or the unemployment insurance commission?
2. If not, will provision be made for such facilities?

The answer to the first question was No, and to the second—

No. The Department of Public Works does not provide public washrooms in government buildings under its jurisdiction.

I can understand that in respect of most buildings that is a proper policy, but I do suggest that in a building of this type there should be washroom facilities. We had the same difficulty in connection with the immigration building at the boundary point of Douglas. The first plans did not call for any washroom facilities, but after protests had been made in the house the plans were changed and provision was made.

Different organizations in Vancouver have requested that a similar change be made in connection with the Alvin building. Can the minister tell the committee whether something can be done along this line?

Mr. Fournier (Hull): We are certainly considering the question of having washrooms in our public buildings. However, the difficulty is to know where to stop. Once we have put washrooms in one public building, are we expected to put them in the three thousand buildings we occupy across the country? The problem is greater than it would appear at first glance. I can understand that it may have been justified in connection with the immigration building. However, I am told there are not many such buildings, indeed, that the one at Douglas may be the only one. If we do it in a building dealing with unemployment insurance, why should we not do it in a post office building?

Mr. Green: People do not have to wait in a post office.

Mr. Fournier (Hull): In the small towns people will congregate at the post office until the mail is received from the train. It is a

place in which they can meet, and if washroom facilities were provided it would become a public place. It is really a complicated problem. All I can say is that the department will continue to consider it with a view to finding some solution. However, I would not be prepared to commit myself.

Mr. Green: I am asking only that the department consider the Alvin building.

Mr. Fournier (Hull): We will do that; we will look into it.

Mr. Green: I see in the item an amount of $200,000 for a customs building at Vancouver, and $800,000 for a post office building in that city. How far has the department gone in connection with those two buildings?

Mr. Fournier (Hull): I am told that in respect of the customs building we are almost ready to advertise for public tenders. In respect of the post office, the site belongs to us and has belonged to us for some time. We are carrying out demolition in preparation for the new building. The architects, McCarter and Nairne, are preparing the plans. We are past the preliminary planning stage, and have reached the stage of preparing working drawings. We will be asking for tenders in the near future for the customs building.

Mr. Green: When will tenders be called for the post office building?

Mr. Fournier (Hull): I could not give a definite date. This is another one of those Winnipeg buildings—and it will be quite a building, too. I cannot say how long the architects will require to prepare final plans and specifications. We have to have the plans completed during the year, but that is about all I can say.

Mr. Green: Does that mean during the present fiscal year, or the calendar year?

Mr. Fournier (Hull): The fiscal year.

Mr. Green: Then it is unlikely that tenders will be called in the present fiscal year?

Mr. Fournier (Hull): We hope tenders will be called during this fiscal year, and the contract awarded. But I cannot make any statement as to the date.

Mr. Herridge: On February 13 I wrote the deputy minister concerning this and two or three other items. Am I likely to receive a reply before parliament dissolves?

Mr. Fournier (Hull): When I meet my deputy minister outside the house I shall make inquiries and let the hon. member know.

Item agreed to.

Acquisition, construction and improvements of public buildings—

336. Unforeseen improvements, $1,200,000.

Mr. Knowles: I wonder if the minister could give us an example of the kind of expenditures made under this item? I notice from the details at the back of the book that these amounts are usually pretty well spent. In the fiscal year 1951-52 the amount expended was $1,180,703. For the fiscal year 1952-53 the amount actually spent, up to December 31, plus the estimated balance for the remainder of the year, adds up to an estimated total of $1,200,000. What are the types of expenditures made under the item?

Mr. Fournier (Hull): I have a list of the items here. Last year we were authorized to the extent of $785,129.17, and out of that we paid $566,396.27. I have a list of about 15 pages of all these items. As an example, there was the installation of dust collectors at the central heating plant, $22,989.89; quonset huts, additional ventilation, $2,827. The list is not even typed; it is just in handwriting.

Mr. Knowles: Does it cover items right across the country?

Mr. Fournier (Hull): All over. These are unforeseen items. Here is another one, steel grills, mint building, $1,845; new ash hoist, $6,517. These requests come in from all departments, and these small items are paid for out of this vote. I am told that except in a few cases they do not go over $10,000. The items are too small to be detailed as separate votes. I could probably have the list typed and send a copy to the hon. gentleman.

Mr. Knowles: What is the procedure for approving these items?

Mr. Fournier (Hull): If they are within the range provided by the statute they are approved by the officials. If the amount is small, it may be approved by the resident architect, that is if it is $200, $300, $400 or $500. If the amount is greater it would have to come to headquarters to be approved by the chief architect. If it is still greater it would be approved by the deputy minister. When it reaches a certain level the attention of the minister would be called to it. Here is an item: Chilliwack public building, $1,683.

Mr. Knowles: How many items were in excess of $10,000?

Mr. Fournier (Hull): I think the largest item was for the installation of the dust collectors at the central heating plant, Ottawa, $22,989. There are other items of $1,000, $458, $911, $275.

Mr. Higgins: May I go back to item 234 and give the minister some information in connection with Canada House? This was purchased in 1947 for $32,500. The only question I want to ask is how you are able to rent it for $125 a month.

Mr. Fournier (Hull): When we expropriate a property and then rent it we follow the principle of charging 5 per cent of the cost. Five per cent of $32,500 would be about $1,600. We are renting for $125 a month and I think we are within that principle.

Mr. Higgins: But you maintain it as well. One year the cost of maintenance was $300.

Mr. Fournier (Hull): That was spent on the building before it was leased to the provincial government. I suppose they put some hinges on the doors.

Mr. Higgins: You spent $200 last year, and it has been leased now for four years.

Mr. Fournier (Hull): Before the lease was signed with the province we heated the building. In 1949 we paid Imperial Oil Limited for fuel oil, $181.50; Newfoundland Light and Power Company, electric lighting, April 1 to July 16, 1949, $31.90; Ottawa Typewriter Company, one filing cabinet for high commissioner, $68.36.

Mr. Higgins: There is an item for 1951-52, and it has been leased for four years.

Mr. Fournier (Hull): We expended $34 for mothproofing of furniture, but that was before we signed the lease. We did not want our furniture to deteriorate. That was for battling the moths.

Mr. Higgins: What about the $200 expenditure in 1951-52?

Mr. Fournier (Hull): I made a mistake when I gave you that answer; all I have is $118.17.

Mr. Higgins: Was that for moths?

Mr. Fournier (Hull): I am told that that was a mistake, that it should have been part of the cost. We do not spend anything on the building and we get a good revenue.

Mr. Higgins: Why do you not sell it?

Item agreed to.

Engineering branch—
Engineering services—

338. Salaries, surveys, inspections, etc., $1,917,701.

Mr. McLure: Would the surveying of Rustico harbour be included in this item? There was an extensive survey carried out last summer by five or six men.

Mr. Fournier (Hull): This would not be the item under which the hon. member would get the information he requires. The details of this item will be found on page 407, where will be found the details of the salaries paid to technicians and engineers. The list continues over to page 408 and totals $1,326,776. At the end you will find that there is an amount for overtime, subsistence allowance, travel and removal expenses, materials and supplies, rentals and so forth. This is the general administration vote of the engineering branch. If you want surveys and works I think you have to go down to item 348.

Mr. McLure: All right.

Mr. Fournier (Hull): I will give all explanations on item 348.

Item agreed to.

Dredging, including snagboats—

340. Maintenance and operation of plant and contract and day labour works, $3,332,175.

Mr. Browne (St. John's West): Can the minister tell me how much money was spent for dredging in the different districts of Newfoundland in 1952-53?

Mr. Fournier (Hull): In Newfoundland?

Mr. Browne (St. John's West): Yes, in the various ridings. The minister gave me the information for 1951-52 in an answer that is in *Hansard.* I notice that the riding of Bonavista-Twillingate got nearly half a million dollars, Burin-Burgeo, $126,000, and the rest of the districts among them got $50,000.

Mr. Fournier (Hull): Under this vote we are spending in Newfoundland—

Mr. Browne (St. John's West): You spent $676,000 in 1951-52. Is this the amount voted for dredging?

Mr. Fournier (Hull): Just one moment. Contract and day labour work come under this vote, and there is $2,000 for Branch in St. John's West, $2,000 at Gaskier's, $2,000 at Daniel's Harbour in the riding of Humber-St. George's—

Mr. Browne (St. John's West): Is that the vote for the coming year, 1953-54?

Mr. Fournier (Hull): There is $2,000 for Gaskier's and $2,000 for Daniel's Harbour in Humber-St. George's for hand dredging, $2,000 in Bonavista-Twillingate, $5,000 at Long Pond in St. John's West, $1,500 at Petty Harbour in St. John's West.

Mr. Browne (St. John's West): What is the last one?

Mr. Fournier (Hull): Petty Harbour. Then there is $1,500 at St. Anthony Bight.

Mr. Browne (St. John's West): Does that come under the vote of $130,000, the details of which are given on page 414?

Mr. Fournier (Hull): I will have to explain this vote. Under this vote you get maintenance and operation of plant and contract and day labour works all over Canada. If you will refer to page 409 of the estimates that is where you will get the details of the expenditure of this money. On page 409 you will see that it starts out with one engineer, grade 7, and then continues with all the staff working in the dredging plant, numbering 484 people. We pay to these people—

Mr. Browne (St. John's West): I see all that. I do not want the minister to go into that.

Mr. Fournier (Hull): You are satisfied with those details?

Mr. Browne (St. John's West): I am not dissatisfied with anything. I merely want to get an answer as to how much money was spent in the different ridings of Newfoundland in 1952-53. In 1951-52 there was apparently $676,000 spent.

Mr. Fournier (Hull): Here is one answer that I am sure the hon. member wants anyway. Here is the dredging in the different ridings of Newfoundland by day labour. That would be one part of it. There is only $4,718.76. Of that amount there is $1,740 in St. John's West, $1,534.97 in Grand Falls-White Bay, $1,314.09 in Trinity-Conception and $129.70 in Grand Falls-White Bay. That is under day labour.

Mr. Browne (St. John's West): There must be some mistake there. In any case, Mr. Chairman, here is what I want to draw attention to. I look upon the minister as a just man. In 1951-52 the Secretary of State had $494,000 spent in his district for dredging, and other works brought the total to $1,098,000. I honestly believe almost that amount was spent each year in that riding. Last year $8,000 was spent in St. John's West for dredging, compared with that half a million dollars. So far as dredging is concerned, we are looking for the following items this year. I wish the minister would look them up afterward because they are not very big, and I think in justice we should have these amounts spent. First of all there is Branch, which is a fishing village almost entirely.

Mr. Fournier (Hull): What place is that?

Mr. Browne (St. John's West): Branch. Then there is Gaskier's, $2,000; Petty Harbour, which is a fishing village near St. John's, $1,500. Then there is Trepassey, where there is a wharf, but the wharf is no good unless some dredging is done. The wharf has been built and extended by the government but unless dredging is done it is useless. Vessels cannot be brought alongside it. Therefore I plead with the minister to make a note that the dredge should operate there. I do not think the dredge operated anywhere in St. John's West last year. It cost $476,000 just to hire one dredge for six months, and I believe it was used entirely in Bonavista-Twillingate or Burin-Burgeo. Renews has had money voted but no money has been spent. Two years ago a survey was made of the harbour but there has been no dredging done yet. There is no use building a wharf there, for which money is provided, unless dredging is done.

I have seen men with poles trying to pole their way up the harbour. I do not think it is fair. I have been asking for this for four years. There is one other little place where nothing has been done. It is entirely a fishing village. It has about 75 families who are all dependent on the fishery. I refer to Little Harbour East. All they want is a small amount of dredging, which I think could be done by day labour. I have made the recommendation and I hope the minister will keep it in mind.

Mr. Fournier (Hull): I can tell the hon. member that in the case of Renews our dredge will be working there for two to three weeks this summer, and also at Ferryland. Two weeks dredging will be done there with our plant.

Mr. Browne (St. John's West): Do you know which dredge that is?

Mr. Fournier (Hull): Dredge 400.

Mr. Higgins: Now that my colleague has been so successful may I also make two requests of the minister. I last raised the matter in 1951. I refer to the necessity for dredging at Avondale and Holyrood. A report has been made by your engineer, Mr. Millar, and I should like to say for him that he has been very generous in his treatment, so far as I am concerned. He is also very competent.

Mr. Fournier (Hull): We shall certainly take these remarks into consideration, and if I can send the dredge there I will.

Mr. Balcer: Will the minister tell us what he intends to do around Three Rivers harbour so far as dredging is concerned?

Mr. Fournier (Hull): That does not come under public works. That is the national harbours board.

Mr. Balcer: I mean near the Yamachiche river. I think something was voted for this dredging on the Yamachiche river, but I do not think the money was spent.

Mr. Fournier (Hull): I cannot recall if we did some dredging there.

(Translation):

The Yamachiche river; where is it?

Mr. Balcer: The minister told me in his letter that his department intended to dredge the river. An amount of $500 was to be appropriated for this work, but I do not think it was ever spent.

Mr. Fournier (Hull): We will check to see whether the work can be done and we will do it.

Mr. Balcer: For my information only, could the minister tell me whether maintenance dredging at the mouth of the St. Maurice river is the responsibility of the national harbours board or of the Department of Public Works? It seems that in this case they are passing the buck.

Mr. Fournier (Hull): I am told that it is the responsibility of the national harbours board and not of the Department of Public Works.

(Text):

Item agreed to.

Dredging—

341. New plant and equipment, $1,726,300.

Mr. Green: Mr. Chairman, this is a vote which provides for the acquisition of new plant and equipment. Is the department procuring any new dredges for the west coast?

Mr. Fournier (Hull): I understand there is an amount of $300,000 in that vote which would go toward the replacement of dredge No. 305, the *King Edward*. This dredge was built in about 1901, and it is being replaced. I am told that the plans for this new dredge are practically completed, and we will let the contract this summer.

Mr. Green: Will the dredging in the first narrows of Vancouver harbour be done by a government dredge or by contract?

Mr. Fournier (Hull): Contract. The government has no dredges available to do work of that type. We have not the equipment. There are a good many of these companies that take dredging contracts out on the west coast. We will ask for tenders. I am told that we have no equipment for deep dredging.

Mr. Robichaud: May I ask the minister how many departmental dredges there are now in New Brunswick?

[Mr. Fournier (Hull).]

Mr. Fournier (Hull): I am told that this is the first time in fifteen years that question has been put to the department. We usually have a list of the names and numbers of the dredges. Would the hon. member accept this information if I have it sent to him? I do not think I have it in the books.

Item agreed to.

Roads and bridges—

345. Maintenance and operation, $386,936.

Mr. Green: Can the minister say whether any progress has been made with regard to an agreement for the replacement of the Marpole bridge in Vancouver?

Mr. Fournier (Hull): We have no Marpole bridge on the list of bridges.

Mr. Green: No, but negotiations have been under way for some years for the replacement of the bridge on the basis of the federal government, the provincial government and the city of Vancouver contributing different amounts to the cost.

Mr. Fournier (Hull): If the hon. gentleman waits for the Department of Transport estimates I think he will get a more satisfactory answer, because this bridge would lead to the island airport. It is that department which would be interested.

Mr. Green: It would have nothing to do with the Department of Public Works?

Item agreed to.

Acquisition, construction and improvements of harbour and river works—

Construction, acquisition, major repairs and improvements of, and plans and sites for, harbour and river works listed in the details of the estimates, provided that treasury board may increase or decrease the amount within the vote to be expended upon individual listed projects—

348. Newfoundland, $1,600,000.

Mr. Browne (St. John's West): This item has to do with major works in Newfoundland, improvements in harbours and river works. I notice that there is a vote of about $1,600,000, in which would be included some revotes. The total amount voted for St. John's West this year, not including the revotes, would be $19,000. There were two places where I recommended work should be started which are not included. I do not know why they are not included. They have been recommended by the district engineer, who has been very appreciative of the local difficulties.

The first project is at Calvert, and the amount is small. It is only $10,500. This is a fishing village and there is no public wharf. There used to be one, but it has disappeared. A private party has a wharf there which he is allowing the fishermen to

use, and which I believe he may be willing to let the department use as the basis for a new wharf.

The other project is at a place called Reginaville, about which I have had some correspondence with the minister, and with which I think he is familiar. This is also a fishing centre, but it is an exposed place. The fishermen have to let their boats ride out in the open sea, and for an expenditure, recommended by the district engineer, of $30,000 a harbour could be made by digging a channel through the beach. I trust these two matters will receive due consideration, and perhaps the minister could put them in his supplementary estimates.

Mr. Fournier (Hull): They may come under the general vote. I am told that one of them would be a very small project which would be taken out of the general vote. We shall certainly give that consideration.

Mr. Browne (St. John's West): There is only one other matter about which I should like to ask the minister, and that is in regard to Long Harbour, where the Department of Fisheries is going to repair a wharf in front of the cold storage plant. I asked for an extension so the fishermen could back up their trucks and take on bait supplies.

Mr. Fournier (Hull): We can look into that, too.

Mr. Higgins: I should like to direct the minister's attention to one major problem which I have had for some time, and that is the terminal facilities at Bell island. The minister will recall that I presented a formal petition shortly before Christmas asking for proper terminal facilities for Bell island. In case the minister has forgotten the situation, Bell island is the place where the iron ore mine has been in operation for about 50 years. It supplies the blast furnaces at Sydney, as well as a lot of other blast furnaces. It is a community of over 11,000, and the only way they have of bringing in supplies of all kinds is by water and over these wharves that are there now. They are not in very good condition. The citizens have met, and as a result of their meeting I presented this petition to the house in December.

In the present estimate—the first time that St. John's East has really obtained a fair deal, I may say—you have set up a fund of $250,000 for the construction of one work. As I understand the position, your engineer in Newfoundland, Mr. Millar, made a survey of Portugal Cove and reported that it would cost $500,000 to put a proper wharf there and build a roadway approaching the wharf; and that through some deal that was made—I assume through the department—Mr. Millar wrote the deputy minister of public works in the provincial government in March of 1952 and submitted this offer of 50 per cent of the cost. I understand, and the minister can correct me if that is not the correct position, that the cost was to be $500,000 and that the federal government was prepared to put up half the cost. I think that is correct, is it not? Does the minister say that is not correct?

Mr. Fournier (Hull): That is Portugal Cove. That is not Bell island.

Mr. Higgins: Yes. I am correct in that point?

Mr. Fournier (Hull): Yes.

Mr. Higgins: May I make a plea for a proper terminal for Bell island?

Mr. Fournier (Hull): Our engineer has been instructed to make a report on Bell island. We have not made our decision yet, and will not do so until we get that report.

Mr. Higgins: A new ferry is being purchased by a private operating company, and that new ferry will require proper terminal facilities. It is not for the ferry, by the way. This wharf will be used by all kinds of ships, and it will also be used by fishermen. It will not come within that particular category known as a ferry wharf. I can assure the minister of that. But the need is great. If the minister would do a great right and a little wrong, I think it would be fine for the people of Bell island. I will not bother the minister any more about small things if he will do that.

Item agreed to.

Engineering branch—

Acquisition, construction and improvements of harbour and river works—

350. Prince Edward Island, $1,800,000.

Mr. McLure: I want to get a little bit of information on this item. According to the details I notice that a certain amount is provided for Pinette wharf, or for the landing there. Last year a certain amount was spent there. I should like to know whether the work was done by contract or by the regular patronage system.

Mr. Fournier (Hull): This work will be done by day labour and will cost $10,500.

Mr. McLure: Just by day labour?

Mr. Fournier (Hull): Day labour, under the supervision of our engineer.

Mr. McLure: There is another item there about which I should like to get some information. I refer to Point Prim. I notice

there is a revote there. What amount of repairs was done there last year?

Mr. Fournier (Hull): $1,400.

Mr. McLure: But there was a much larger vote.

Mr. Fournier (Hull): We have given out a contract for $19,282.50 to the lowest bidder, Morrison and MacRae Limited.

Mr. McLure: Will this be done by day labour too?

Mr. Fournier (Hull): No. This is a contract publicly advertised, and the lowest tenderer was Morrison and MacRae for $19,582.50.

Mr. McLure: As to both those jobs last year some people were hard up for work, but unless they were dyed in the wool Grits they could not get a job at all.

Mr. Fournier (Hull): They generally vote for the hon. member anyway.

Mr. McLure: I tried to get a couple of returned men on there—they were good citizens, I may say—but they could not get a look-in on either of those jobs. I do not like to see any of these departments going back to the old patronage system and doing away with the tender system.

Mr. Fournier (Hull): This is a contract on a firm price.

Mr. McLure: I know it is a contract.

Mr. Fournier (Hull): I have the same thing in my riding, and they do not want my friends to work on the job.

Mr. McLure: But you could control who might get to work on them, whereas I cannot. There is another item in which I am interested, namely Rustico harbour. A while ago I was asking about the survey that was made there last summer. I do not know whether or not it comes under the Department of Public Works, but in any event an extensive survey was made of the harbour. First of all the breakwater was rebuilt. That was done on a contract that is completed. Then there was the survey. I notice that this year there is a vote of $100,000. Last year the survey was made, and it has been extremely difficult to get any report on why they are making the survey. Is it to build a bridge across the harbour to connect the national park of Cavendish and Rustico with Brackley Beach? However, the survey ought to give us some idea as to why it has been done. I also notice that a survey was being made of tidal water. That took over a month. I have not been able to get details from any other department, and I thought perhaps I could get them from the Department of Public Works.

[Mr. McLure.]

Mr. Fournier (Hull): Is this a revote? No, this is a new item. I see that there is a survey and investigation being conducted, and here is a part of the report of our engineer.

The development of a definite proposal for the closure of Little harbour, Rustico, should be deferred until the report of the Nova Scotia technical college science service is received. A report from the department's engineer, H. E. Miller, has just come in, in which he recommends that provision for 1953-54, to include continuation of the investigation in actual harbour developments, be made in the amount of $170,000. As it appears unlikely that any large project would be completed during 1953-54 it is recommended that an item of $100,000 toward harbour improvements at Rustico be included in the estimates of 1953-54. That is following this survey and investigation, and it is recommended that we do this work. I think this is one of the dreams of the hon. gentleman. He has spoken many times in the house about this matter. Now he is near to his dream becoming a reality. He will see this work done.

Item agreed to.

Acquisition, construction and improvements of harbour and river works—

351. New Brunswick, $2,500,000.

Mr. Brooks: With regard to the accommodation for the ferry at Campbellton, the minister will remember that I have raised this matter several times in the past. At one time people thought a bridge might be constructed there. I believe they are still anxious to have a bridge constructed between Campbellton and Cross Point. I notice that this item provides for the accommodation for a ferry. Have they abandoned the idea of construction of a bridge from Campbellton to Cross Point in Quebec, or what is the situation?

Mr. Fournier (Hull): As the hon. gentleman knows, many representations have been made to the department and the government to have this bridge at Cross Point-Campbellton. After the provincial elections last summer I had the pleasure of receiving in my office the present premier of New Brunswick, with his minister of finance and the local member at Campbellton. We had quite a conversation about this project, and I gave him all the information I could. I mentioned to them that if the province agreed to put up one-third on a project of $1,500,000, and the other province the same amount, and we would put in that amount, the project would be considered. We had a most agreeable conference, but no practical result has come out of it.

These interprovincial bridges are three-way operations. Sometimes it is difficult to get the three minds together to agree on what should be done, but I am still open for any representations, and I would be pleased to speak to my colleagues on any proposal the provinces might make to me. Pending that, we will have to have a ferry.

Mr. Brooks: I might say that when this was brought up in 1951 the ex-premier of New Brunswick, Mr. McNair, thought it was the federal government's responsibility. He quoted the British North America Act and some other authorities which were very convincing. At that time the Minister of Public Works said that he would get an opinion from the Department of Justice, which I do not think we have ever had brought down. At page 4473 of *Hansard* of 1951 the minister told me:

> But in any event I will make a thorough study of that legal opinion and will follow it when the occasion arises.

Has he a definite opinion of the authorities as to the construction of these bridges between different provinces? Subsection 10 of section 92 of the British North America Act reads as follows:

> (a) Lines of steam or other ships, railways, canals, telegraphs and other works and undertakings connecting the province with any other or others of the provinces, or extending beyond the limits of the province.

Ex-premier McNair of New Brunswick contended that under that section these bridges were the responsibility of the federal government. Has the minister an opinion from the legal department of the federal government in this connection?

Mr. Fournier (Hull): If you want to know my personal opinion, I recall all that correspondence with Premier McNair in which he said the federal government was responsible for every interprovincial bridge, and he quoted that section of the British North America Act. I looked at that myself, and I would perhaps think there was some weight in his opinion, but I would not want to express my own. I know that with respect to all these bridges in the past the provinces have agreed with the federal government to make their contribution to the cost of erection. Why New Brunswick would not do as Ontario and Quebec have done, I do not know. It takes time. You never agree at the first meeting, but we do get results after a certain time.

My problem in that district is that if you look over it you will find that the population is not too large, and when you think of the expenditure involved I do not know what the decision of the hon. gentleman would be. I have discussed this with the premiers, and when we get down to real cold facts they are not too hasty about their decisions any more than I am. Personally I should like to see a bridge there. I visited the place and have had the chance of making political speeches in that district, but I have not yet made up my mind to tell my colleagues we will spend the whole amount. A little co-operation from the provinces sometimes is appreciated, you know.

Mr. Robichaud: In connection with this bridge which is in the neighbouring county to mine, I may say I gladly extend an invitation to the Minister of Public Works to come and make as many political speeches as he wishes in the county of Restigouche, as long as he keeps clear of Gloucester.

I wish to add this to the remarks already made by the hon. member for Royal. Campbellton is quite a substantial town. It has quite a population. I will admit that on the Quebec side Cross Point is only a small village. But I think the minister should bear in mind that a considerable number of tourists cross from Campbellton to the Quebec side, not only in Canadian cars but United States tourists as well. This is the main thoroughfare, and I submit these factors should be considered by the minister—

Mr. Fournier (Hull): And by the provinces as well.

Mr. Robichaud: Yes; I quite admit they should be considered by the provinces. I know the province of New Brunswick is quite willing to co-operate. I cannot say anything for Quebec. This factor should be considered. While the village on the Quebec side is small, yet a considerable number of people use this highway, and they would use this bridge to go to Quebec and to come back from Quebec to New Brunswick.

There is another matter I should like to bring to the attention of the minister.

An hon. Member: Six o'clock.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Robichaud: When the committee rose at six o'clock I was about to draw three matters to the attention of the minister, because they affect the interests of my constituency of Gloucester. Before doing so, however, I should like to correct a faux pas I made this afternoon in limiting my invitation to the minister to visit the neighbouring county of Restigouche. Let me assure him that the doors of Gloucester county are always

open to him. As a matter of fact my submission is that counties such as ours, with such great needs for federal public works, should be visited occasionally by the Minister of Public Works.

The first matter I would submit to the attention of the minister is one dealing with new undertakings. I know I am treading on dangerous ground when I refer to new undertakings. However, these are new works which I submit are of vital importance to three very important fishing communities in the northwestern section of my county of Gloucester.

I would ask the minister to consider seriously the possibility of constructing landing accommodation and providing shelters for our fishermen at Miscou Lighthouse or Miscou Point where there is an almost natural harbour provided at Lake Fry. I wish also to underline the necessity of providing similar accommodation for fishermen at Island River and Little Pokemouche.

Second, I would stress the importance of major repairs to three very important public wharves, those at Shippigan, Lameque and Lower Caraquet. I hope the minister will see fit to place something in the supplementary estimates to provide these wharves with their much-needed repairs.

Finally I would stress again the importance of dredging Shippigan gully. I would state that Shippigan gully is the most important entrance for the whole fishing fleet of Gloucester county, as it is the gateway between the gulf of St. Lawrence with its great fishing banks and Shippigan harbour, and thence to the Baie de Chaleur. I am informed there has been absolutely no dredging at Shippigan gully for the last five years. With the moving sands and strong currents at that point, it is high time something was done.

These were the three matters I wished to submit to the minister. Before taking my seat I would ask him to explain why the estimates for 1953-54 show a decrease of $445,000 for New Brunswick, but an increase of $785,000 for Nova Scotia. I know the minister has already intimated that he does not like comparisons. I do not wish to elaborate upon any such comparisons, and I am not at all jealous of what Nova Scotia has received. However, I would ask for an explanation as to why New Brunswick, with such great needs, should this year be faced with a decrease in the estimates, when at the same time there is an increase for Nova Scotia.

Mr. Fournier (Hull): One explanation is that we do not expect to spend there this year more than the amount we have placed in the estimates. The hon. member has said that I do not like comparisons. That is true. One looks at expenditures for his own province or his own constituency and compares the amount spent there with what is spent elsewhere. But it must be kept in mind that all these items in the estimates are for works that are needed; and we are trying to do the best we can to have them completed.

Last year the amount of $2,945,000 was set aside for New Brunswick. I recall that an hon. member from another province said to me, "Why is there so much for New Brunswick, and so little for us?" I feel these comparisons are not fair. We try to use our best judgment, in an effort to be fair to all.

The hon. member has extended an invitation to me to visit his province. He will realize, however, that I am a little shy about it, because when he spoke the other evening he almost appointed me to a court.

Mr. Robichaud: And I think the minister will land there before long.

Item agreed to.

Acquisition, construction and improvements of harbour and river works—

353. Ontario, $7,346,000.

Mr. White (Middlesex East): I should like to repeat the questions I asked the minister earlier today. Anyone who tries to follow my remarks as they are set out in *Hansard* may reach the conclusion that they go from Genesis to The Revelation, because we begin one place and end somewhere else. I have been looking over the answers the minister gave regarding the International Harvester building at London, and I would renew my question by asking how much was actually paid for the property.

Mr. Fournier (Hull): The sum of $155,000, by an award of the exchequer court.

Mr. White (Middlesex East): Part of the city of London is in the constituency of Middlesex East. That city is interested in the port at Port Stanley, and the city of St. Thomas also has an interest there. I bring this matter to the attention of the committee partly because my roommate and colleague is unavoidably absent, attending a funeral.

I notice in the estimates that there is an item of $126,000 for the harbour at Port Stanley. Last May one of the government dredges sank in that harbour, and I have noticed in a return to the hon. member for Elgin that $44,200 was spent in an effort either to raise or move the dredge. Nothing has been accomplished.

I would point out also that there is an item of $160,000 for wharf construction at Kagawong. I suppose the minister and hon. members will wonder why I am jumping from Port Stanley to Kagawong, but I would like the minister to tell me a little more about this particular harbour. Is there a fishing fleet located there, and what commercial boats use the harbour?

Mr. Fournier (Hull): The vote this year for Port Stanley is $126,400, of which $68,400 is to provide for yearly maintenance dredging formerly performed by dredge No. 117 which sank in 1952. There is no departmental dredge available to do this work. The balance is to provide construction of a steel pile wall.

The amount of $160,000 for Kagawong includes a revote of $75,000. This is required for the reconstruction of the wharf which is in a badly deteriorated condition due to storm, ice and wave action. The structure was built in 1920. It has been held together by means of temporary repairs carried out annually and has now reached a stage of disintegration where temporary repairs are no longer effective. The approach for a distance of 40 feet has become separated from the pile caps. This work has been strongly recommended by my officials. As I say, the wharf was built in 1920 and we do not think it should be allowed to disappear. The need is there and the officials recommend that there be an estimate in order that we proceed with the reconstruction.

Mr. White (Middlesex East): Is there a fishing fleet anywhere along that coast?

Mr. Fournier (Hull): The ships of the Dominion Transportation Company make regular calls at this port during the navigation season, which opens about the middle of April and closes about the 1st of December. Probably the hon. gentleman knows more about the place than I do. The wharf was constructed some time ago and there seems to be some traffic there by the Dominion Transportation Company. I rely upon the recommendation of the district engineer, who strongly recommended this work.

Mr. White (Middlesex East): The reason I am curious about this is that I made a visit there last summer and made some inquiries about this work. Back in the days when the wharf was built there used to be a fishing fleet in those waters, but apparently with our scientific developments they have fished out the waters and the industry has disappeared. I was told also that there was not a great deal of commercial shipping coming into the harbour.

It seems curious with all the ports we have along the great lakes and with the development of the St. Lawrence seaway in the offing, we should not be spending more on some of these great lakes ports which will probably be ports of call for transatlantic freighters.

There is another curious coincidence. This port happens to be located in the riding of the minister of external affairs, and there were some suggestions made to me that considerable pressure may have been brought on the department to improve that harbour. The minister did not say whether they are planning to raise the sunken dredge at Port Stanley.

Mr. Fournier (Hull): The department engaged the best contractor in this line but he has not succeeded in refloating the dredge. The hon. member says these works are being done in certain ridings. He would be surprised to know how many times people say to me, "How come you are doing this work in that riding when it is not represented by someone who sits over here?" I get quite indifferent when I receive a report that seems to justify certain work being done. I am not always hasty in doing it, and in this case the hon. member will notice that there was an item last year and the work has not been started as yet. We take great pains to see if the need exists before we spend the money.

Mr. White (Middlesex East): A considerable number of the men who were employed on the sunken dredge are out of work. There was a possibility that another dredge would be sent up to take care of Port Burwell, Port Bruce and Port Stanley this summer. With this dredge being sunk in the harbour there is a chance the channel may silt up and create a menace to navigation. The men who were employed on the boat lost their personal belongings, and I believe a request was made to the department for compensation.

Mr. Fournier (Hull): That would not be under my department; that would be a matter for treasury board, which operates under certain principles in connection with losses of personal property. I am told there were 15 people working on that dredge, and I am sorry if they have not found work. I hope that as time goes on they will not suffer too much from that.

Mr. White (Middlesex East): Is there some way in which these labourers could recover their losses?

Mr. Fournier (Hull): They present a sworn statement giving the details of their losses. In my department we generally make a recommendation to treasury board and abide by their decision. My officials tell me that this claim was passed on to treasury board and the answer was that in cases like this they should insure their effects. It was stated that if we started to pay in all cases of this

kind we would not know where to stop. I cannot recall this particular case, but I am always sympathetic to people who lose things and I try to help them along.

Mr. Fleming: Does that include losing elections?

Mr. Fournier (Hull): No, that is general; I do not think about elections.

Mr. White (Middlesex East): Is the minister a member of treasury board?

Mr. Fournier (Hull): I do not believe I am called upon to—I could not answer that question.

Mr. Fleming: Don't you know?

Mr. Noseworthy: I notice that there is an item of $160,000 for repairs to the Burlington breakwaters and piers. Has the minister any information as to when those were built and how much money has been spent on Burlington harbour in the last few years? It seems to me that these piers are of quite recent construction.

Mr. Fournier (Hull): In 1952-53 a section 60 feet in length was repaired under a contract with McNamara Construction Company Limited. The probable expenditure is $16,000, chargeable to harbours and rivers generally. The seawall was originally constructed in 1913-16, and was extended in 1926. It is 14 feet wide and 1,827 feet long. We have an amount here of $100,000—I hope this is not a revote—to provide for urgent repairs to the centre section of the breakwater to prevent further damage to the structure and town property.

Mr. Noseworthy: Has the minister any idea what use is made of these piers and breakwaters? I drive by them quite often and I have never seen anything tied up to them except seagulls.

Mr. Fournier (Hull): The purpose is to provide protection for the lake embankment comprising the central portion of the town. In recent years this structure has also provided a harbour for the use of small craft.

Item agreed to.

Acquisition, construction and improvements of harbour and river works —

355. Saskatchewan, Alberta and Northwest Territories, $178,000.

Mr. Diefenbaker: I should like to ask one or two questions with respect to this item. To begin with, I should like to ask the minister what is the nature of the work to be done at Lac La Ronge. What is the purpose of it? What has been the expenditure to date on the project in question, and what is the anticipated expenditure?

[Mr. Fournier (Hull).]

Mr. Fournier (Hull): This amount is required for improvements consisting mainly of the construction of a wharf with a landing head or "L" to provide urgently needed facilities for ever-increasing water-borne traffic. La Ronge is the centre of a rapidly expanding area of various activities consisting of mining, fishing and the tourist trade. It is the northern terminus of a road from Prince Albert. It is also a base for aircraft on both wheels and pontoons. All freight for more northerly points passes through La Ronge and is transshipped by boat, cat-train or plane, all of which would use the proposed landing facilities.

The proposed work consists of the construction of a rock-filled timber cribwork wharf 66 feet by 16 feet with a landing head or "L" 59 feet by 16 feet and a rock and gravel approach 55 feet long. The estimated cost is $10,000, and the work is to be done by day labour.

Mr. Diefenbaker: I am not one of those who make application for expenditures from time to time unless I believe those expenditures will be self-liquidating in their result. I think this is a very worthy piece of work on the part of the minister, and one that deserves further expansion. I believe the development that is taking place in northern Saskatchewan is unknown to the people of Canada generally, particularly in connection with uranium prospecting and development. Lac La Ronge serves that northern area and I should like to see extensive improvements made there, because the situation today is such that the available facilities are not capable of meeting the demands of uranium and other mining developments.

During recent years most of the developments in northern Saskatchewan have been advantageous not particularly to northern Saskatchewan but generally speaking to the city of Edmonton. We in northern Saskatchewan believe that, with the potential uranium area in that part of Canada, the area immediately adjacent to and north and west of Lac La Ronge, if anticipated prospects are eventually achieved that area will produce uranium to such an extent within a very few years that it will be the greatest uranium area in all the world. That is not exaggeration.

Recently when I was in New York, as were two or three of the ministers of the crown, in connection with the Town Hall meetings, I had the opportunity of meeting various New York industrialists. They realize something of the potentialities of northern Saskatchewan. When I ask for improvements which will assure a greater measure of air transportation there, I do not lose

sight of the fact that in addition to facilities for air transportation, facilities should also be made available, in the interests of the country as a whole and the common aims of the NATO countries, to achieve the largest potential possible in mineral development, particularly uranium development. I think the federal government should give consideration not only to assistance such as this, which is infinitesimal compared with the possibilities of the area, but that there should be co-operation between the Department of Public Works and the defence department in providing landing facilities in the area, and also co-operation with the province of Saskatchewan in the building of roads so that ground transportation will be available.

As it is now, the tremendous impetus that would be given to the country as a whole through uranium, gold and other mineral production will be held back unless something in the nature of a national development policy is achieved through co-operation between the dominion and provincial governments, in which policy the Department of Public Works will play its part. This item of $10,000 is more or less a token item. It will achieve all that $10,000 can achieve in providing the necessary water facilities to permit the landing of aircraft, in particular. But I do impress upon the minister, and through him the government, the need of something being done. Now that uranium is required as it has never been required before, and with a uranium potential available unequalled anywhere in the world, co-operation should be achieved between the Department of Public Works and the Department of Mines and Technical Surveys so that the available resources may be exploited for the benefit of our country and the achievement of our defence purposes.

I do not want to speak at length, but I wish to place this matter before the minister. I know his personal interest in achieving a national policy for Canada under which each of us recognizes the need of full development in every other part of Canada. In recent months mineral resources have been discovered and development has been taking place in all provinces of Canada except one. This area of northern Saskatchewan, with its tremendous possibilities in the world of today, with the challenge of communism having been held back in large measure by the fact that we are becoming powerful in atomic weapons, is an area that deserves full support from the government.

An item like this, welcome as it is, is but a drop in the bucket compared with the expenditure that should be made there in order to assure that available resources will be developed. After all resources, however great, of minerals or uranium or other metals that go into the forging of the shield of freedom will be worthless should communism march, unless they have in fact been developed.

One thing that is holding back development in northern Saskatchewan is the lack of available transportation facilities on land. We have them in the air, although we have no airport facilities worthy of the name in the city of Prince Albert which is the northern outpost in our province. This vote is but the beginning, I hope, of further votes that will have to be made if the available resources, now estimated at $200 million a year in uranium production, are to be made available for our common defence.

Mr. Thomas: I wonder if the minister could give us some of the details in connection with this item under "wharves" for Ma-Me-O Beach? It should be easy to find because it is the only expenditure under this item in Alberta.

Mr. Fournier (Hull): This amount is required for improvements to the wharf consisting of the construction of a cribwork pierhead and a rock causeway condition. The submerged ballast from the outer 330 feet is a serious hazard to navigation and must be removed. The ballast of the inner 220 feet remains above the water and will form the base for the causeway. The cribwork pierhead will provide landing facilities for the shallow draught boats now used on the lake. During last year approximately 250,000 pounds of fish with a value of $30,000 were taken commercially, being processed and shipped through Ma-Me-O Beach.

Mr. Thomas: That is not going to be quite as long as the original wharf. You intend taking off about 100 feet of ballast on the end and just running the wharf out about 240 feet?

Mr. Fournier (Hull): I think it is 330 feet. I do not know enough about the details of the construction. What we are going to do is remove submerged rock ballast for a distance of 330 feet, placing same in a causeway 220 feet long from shore, and gravel-surfacing it. We shall also undertake construction of an open-faced cribwork pierhead 17 feet by 33 feet.

Mr. Thomas: I want to thank the minister for this because, as I pointed out last year and as the minister indicated in his report tonight, there has been a great deal of damage done to the boats on that lake as a result of these rocks. The condition has been dangerous for quite a number of years. I know

the people of Ma-Me-O Beach, and those who have summer cottages there, will appreciate this expenditure.

Item agreed to.

Acquisition, construction and improvements of harbour and river works—

356. British Columbia and Yukon, $6,000,000.

Mr. MacInnis: There is a small item under this vote to provide a harbour at False creek. I notice that this is a revote, and I wonder if the minister would let me know if a site has been chosen for that fishing wharf?

Mr. Fournier (Hull): Would the hon. member tell me the name of the place?

Mr. MacInnis: It is False creek. The minister may recall that it is in the constituency of the hon. member for Vancouver-Burrard. I know he has had considerable correspondence with the minister about it. I suppose the hon. member is fence-mending in British Columbia at the moment, and is not here.

Mr. Knowles: Have those fellows any fences left?

Mr. Fulton: You are doing a certain amount of it yourself out there.

Mr. Fournier (Hull): This revote of $100,000 is required toward the cost of establishing a harbour and storage space for fishing gear at False creek, Vancouver, for the large fleet of fishing boats operating from this place. The total estimated cost of the project is $725,000. There is a definite lack of mooring space and harbour facilities for the larger type of fishing vessel, and accommodation is required for a minimum of 200 such boats. Total value of boats and gear is approximately $3 million. The proposed work has been urged by the fishing vessel owners' association of B.C., Vancouver city council, Hon. Mr. Mayhew, the hon. member for Vancouver East and the hon. member for Vancouver-Burrard. Those are the people who have been pressing for this work.

The proposed work consists of dredging a mooring basin, constructing creosoted timber bulkhead, backfilling and bank excavation, constructing wharf, floats, gangways, three sheds for storage of fishing gear, toilet and washroom facilities, water and light fixtures and roadways. The estimated cost is as follows: Purchase of land, $48,000; dredging, $287,500; bulkhead, floats, sheds, backfilling roads, etc., $382,700; surveys and inspections, $6,800.

Mr. MacInnis: I should like to know how much of that $750,000 has been expended to date?

[Mr. Thomas.]

Mr. Fournier (Hull): According to my report this project has been delayed due to the difficulty in acquiring the necessary site and opposition from interests presently operating there. Steps are being taken to acquire the necessary land in the Kitsilano Indian reserve through the Indian affairs branch of the Department of Citizenship and Immigration. However, no agreement has yet been reached.

Mr. MacInnis: One more question. Can the minister say whether the work will be carried on there now? We have been asking for it for a long time and it has been agreed to. Can the minister say it will be carried on with as much dispatch as possible?

Mr. Fournier (Hull): It is the intention of the department to proceed with this work. We are trying to negotiate the purchase of this site. We are seriously interested in this project.

Mr. Green: On that point, are the plans ready yet?

Mr. Fournier (Hull): The expenditure of money for dredging would not entail very much planning, and that amounts to $278,000. The site will cost $48,000, and that would not need very much planning. The bulkhead, floats, sheds, backfilling of roads and so on will cost $382,000, and I do not think the planning for that would take very long. I am told that if we had the site we could have the plans ready by summer.

Mr. Green: When is it expected that agreement will be reached with the Indian affairs branch?

Mr. Fournier (Hull): My officials tell me we are negotiating and writing to that department, pressing for an agreement.

Mr. Green: Can the minister give us any assurance that work will be commenced this year, because there have been delays already for two or three years. There is a great need for this dock.

Mr. Fournier (Hull): I am fearful about giving assurances right and left, because tomorrow morning I will wake up and read in *Hansard* that I am committed to a lot of things. I did that once with the hon. member for Queens, Prince Edward Island, and I have regretted it ever since. I think the hon. member should take my assurance that we are serious about this thing, and let it go at that.

Mr. Green: This business of being serious does not seem to get us very far in a great many cases. I should like to ask the minister about the vote for the Marpole wharf; that

is a revote of $32,000. Why was the work not done during the last fiscal year?

Mr. Fournier (Hull): This revote is required to provide for the construction of the wharf, which is in a state of complete disrepair; and it is imperative—that is what we say—that steps be taken to renew it as soon as possible. Having said that, we are going to go ahead with this. Contract plans were prepared, but as they embraced a larger area than the original wharf and overran the boundaries of foreshore property allocated to the department, it has been necessary to negotiate with persons having rights on the adjoining foreshore areas before reconstruction of the wharf could proceed. It is anticipated that these legal matters will be settled in the near future, with public tenders being called so work can be undertaken early in 1953-54.

Mr. Green: Can the minister tell us under what department there will be a vote to pay for the committee which has been set up to study the problem of widening the harbour entrance at Vancouver and removing Ripple rock? The Minister of Public Works apparently has been able to wash his hands of Ripple rock.

Mr. Fournier (Hull): After spending a million on the project.

Mr. Adamson: You surely cannot wash your hands on Ripple rock. It would be safer if you could.

Mr. Green: On February 25 an announcement was made in the house by the Minister of Public Works and the Minister of Trade and Commerce to the effect that a committee had been set up to study these two problems. In the estimates of the Minister of Public Works I see no vote for the work of that committee. In what way will that study be financed?

Mr. Fournier (Hull): The main estimates had been tabled before the decision had been taken. That explains why the hon. member does not see the item in the main estimates. There will probably be an item in the supplementary estimates. The only thing I can tell the hon. gentleman is that it will not come under my department.

Mr. Green: Neither the widening of the harbour entrance nor the removal of Ripple rock?

Mr. Fournier (Hull): I cannot have an estimate for the widening of the harbour before I get the report. Parliament would refuse to give me that money. I will base that estimate on the report of this committee. I have an item in the supplementary estimates for the dredging of the first narrows; but for the widening I have to wait until I get a report from this committee. I understand that national research is heading this committee composed of personnel from the national harbours board, Department of Transport, Department of Public Works and national research council.

Mr. Green: Any work actually done in widening the harbour entrance or on Ripple rock will be financed through the Department of Public Works?

Mr. Fournier (Hull): Oh, no. I did finance Ripple rock for quite a while, and I am not going to finance it any more.

Mr. Green: The minister did not get very far with it.

Mr. Fournier (Hull): No. I got so far that I spent a million; and if I had listened to members of the opposition I would have spent many more millions, but I stopped. I had to spend a day on that Ripple rock matter to convince the members that I could not continue spending the public's money on a rock that was immovable. A study is being made. They are taking the best men they have, even out of the universities, to study this problem. Who will undertake the work, the government has not decided yet. We are waiting for this report to see what should be done. Then as time goes on you will see an item in the estimates. Next year I will probably have something to do with that.

Mr. Green: Then the minister may have Ripple rock back on his doorstep after all?

Mr. Fournier (Hull): If I can help it, I am not going to touch it. I can tell the hon. member that. Let someone else handle that rock for once.

The Chairman: The hon. member for Kootenay West.

Mr. Herridge: Thank you, Mr. Chairman. I have been trying to ask a question for half an hour. What amounts are included in this vote for the dredging of the Arrow lakes and clearing the Duncan river? I have one more question to ask while I am on my feet.

Mr. Fournier (Hull): I am sorry but I must tell the hon. gentleman that I have not the book here. Any dredging on the Arrow lakes in British Columbia would be under the dredging vote. This is not the dredging vote which is under discussion here. The hon. member can look at page 425 and he will see exactly where we are intending to spend all this money in British Columbia. Quite a large list is given.

Mr. Herridge: I heard the minister mention certain expenditures for dredging in several projects when he was answering other members.

Mr. Fournier (Hull): Oh, yes. That was for False creek. That was part of the project of $725,000 I just mentioned. But if the hon. member is speaking of dredging, it would come under the dredging vote. I could give all the information tomorrow, but we passed that item long ago. I am ready to give the information tomorrow, if the hon. member does not want to delay my estimates.

Mr. Herridge: That would be satisfactory to me. Just while I am on my feet, although I missed the item, I should like to say that some two or three years ago a vote was passed for a portable suction dredge for British Columbia. They have been using a clamshell dredge for fifty years and they have got by during those years, but it is quite insufficient under present conditions. Can the minister tell us what progress is being made in the building of the suction dredge?

Mr. Fournier (Hull): This year we have in the dredging estimates a vote of $300,000 for a suction dredge which could be used there, I suppose. We have an estimate that was passed this afternoon, telling us to go ahead with that dredge.

Mr. Herridge: Does the minister expect to be building that dredge soon?

Mr. Fournier (Hull): I am going to press them as much as I can to go ahead with it, but that is about where my power stops. When I have given instructions and I can find companies that will take the contract, we will go ahead. I would not be discouraged if I were the hon. member.

Mr. Herridge: I might just mention the fact that this suction dredge is badly needed. The present clamshell dredge is quite insufficient for opening the channel, in view of the large industrial development coming on the Arrow lakes.

Mr. Fournier (Hull): I agree with the hon. member. I will impress that fact on my officials.

Mr. Graydon: The minister had better put it in the "imperative" class.

Mr. Fulton: Mr. Chairman, I shall not go back to dredging, although there is a certain amount of dredging that I and my constituents would like to see done on Shuswap lake and the Thompson river. In connection with this present vote, No. 356, I want to speak on another matter which is also of concern to the hon. member for Kootenay West, although the project itself lies in my constituency at the moment. It has to do with the wharf at Arrowhead for which there is to be appropriated the sum of $57,000 this year.

The history of that wharf, as the minister will appreciate, has been one of disappointment and delay to the people of the district. The wharf needs to be relocated at a new site because the present site is constantly silted up by the mud brought down by the Columbia river. A new site, I understand, has been surveyed and approved; but there has been difficulty and delay because of the problem of getting a right of way for a road out to the new site. When I ask the authorities—the local board of trade—they tell me the minister says the difficulty is that they have not been able to get a right of way over the C.P.R. tracks. When I take the matter up with the Canadian Pacific Railway they tell me it is because the provincial department of public works is not doing something. When I go to the provincial department of public works, they tell me that the federal Department of Public Works has not given them the green light. When I go to the federal Department of Public Works they refer me back to the C.P.R.

Mr. Chevrier: That is the place to go.

An hon. Member: The run-around.

Mr. Fulton: My most recent information is that the problem of acquiring the right of way over the C.P.R. tracks has now been satisfactorily dealt with by the provincial department of public works, who are prepared to pay for the road leading to the new wharf site. That is my most recent information. It is cleared, so far as I know, with the provincial department and the C.P.R. Will the minister now tell me, please, where his department stands in the matter?

Mr. Fournier (Hull): I can read what I have here.

Mr. Graydon: Do not drag in the treasury board on this one.

Mr. Fournier (Hull): Oh, no.

Mr. Adamson: It is like a game of Russian roulette.

Mr. Fournier (Hull): A suitable location has been found about half a mile east of the C.P.R. wharf. It will be necessary to acquire an easement and a foreshore for this site from the Arton Lumber Company Limited, who own the upland property and have the foreshore lease.

Later on in this report which they show me I see the action taken in 1952-53 was: Preparation of plans and specifications was delayed pending acquisition of a suitable site; however, it is anticipated that work

will be advertised and contract let so that work may be undertaken in the fall of 1954 when water levels are low.

Now, to one who knows how to read between the lines this is not very definite, even in my own mind. I will have to see if we have reached agreement with this Arton Lumber Company Limited, the Canadian Pacific Railway and the provincial government. This is a pretty good report but I could give it a different interpretation. I could take it that plans are being prepared and they are telling me that they are going ahead with tenders and will start work in the late fall. I could say that, yes; but when I am back here next spring, if the work has not been done the hon. gentleman will say: "Why did you say you would go ahead?" I do not see in this report that we have cleared the matter with the Canadian Pacific Railway and the company. Moreover, I am told that it takes a long time when we deal with these companies and governments.

Mr. Adamson: A five-year plan.

Mr. Fulton: They tell me the same thing applies when people deal with the minister's department; but let us not try to assess the blame within too narrow limits. Do I understand the minister to say that the plan is not to start construction until 1954? I had hoped that it would read 1953.

Mr. Fleming: After the snow flies.

Mr. Fournier (Hull): I am not going to change what is written here, and I see right before me: "It is anticipated that work will be advertised and contract let so that work may be undertaken in the fall of 1954 when water levels are low." That may mean 1953, and then we would be satisfied.

Mr. Fulton: One other thing. Have the minister's officials any up to the minute information on the status of the negotiations with regard to the right of way?

Mr. Fournier (Hull): Their difficulty is that they are negotiating for this site but they have not as yet reached agreement. I cannot ask for any more than that. If they are trying to get this site, and trying to do the best they can, then I cannot ask for more.

Mr. Fulton: I appreciate that, and I am not so concerned with the site because I believe that difficulty will be fairly easily resolved. I am concerned with the right of way leading to the site.

I hope that the minister will take what I say at face value. Members of the opposition sometimes are able to help even government departments clear up problems. What I want to do is help the minister and his department clear up this problem. I happen to know the C.P.R. officials, and I know the officials of the department of public works in the province. I could go to them and perhaps help the minister's department if he will let me know what the situation is.

Mr. Fournier (Hull): Well, do not go to the province. I think they have built the road leading to the site, so that part has been settled. As to the site itself, I am told that the difficulty will be to obtain from the Canadian Pacific Railway a right of way. That matter has not been agreed. The province, as I say, has constructed or is constructing the roadway leading to that site.

Mr. Fulton: May I make one further suggestion, and it is that the minister ask his officials, and he should consider this himself, to relax the requirements for a right of way. I believe one of the difficulties is that the Canadian Pacific Railway is reluctant to part with the fee of the soil, if I may use a technical expression, but they are willing to give an easement for a specified number of years. I understand that the department normally requires the absolute right or absolute guarantee of a perpetual right of way. The C.P.R. is unwilling to give such a perpetual right. However, we are after all dealing in good faith; and if the minister received word from the Canadian Pacific Railway that they are willing to give an easement for 99 years, or a lease, with the option of renewal, although it might not meet the technical requirements it might meet the requirements of common sense and we could proceed on that basis.

Would the minister then have his officials review the situation with respect to relaxing one or two of the technical aspects in order to get on with this project? To my knowledge it has now been delayed four years because of this run-around.

Mr. Fournier (Hull): Mr. Chairman, I will do my best; but if there is a legal question and if I am barred by my own statute from dealing with it in the way suggested—well, I could not do very much. However, if there is no bar against an easement for a time period then I will see if we can get the agreement.

Mr. Herridge: I want to support what the hon. member for Kamloops has said. This wharf is at the head of the Arrow lakes, and for five or six years now a steamer of about 900 tons has had to land on the beach for a large part of the year because of the ice and the condition of the old wharf. I do hope every effort will be made to start on the wharf early in 1954.

I can understand why the year is given as 1954. It is because the high water has to come down; they cannot start until the water is at low level. The present situation is a great inconvenience to the boats that now use those lakes.

Mr. Fournier (Hull): I am convinced.

The Chairman: Shall the item carry?

Mr. Applewhaite: No. If we may get out of the interior and to the coast for a few minutes I would like to say that the particular section of the coast of British Columbia which runs from the north end of Vancouver island to the Alaskan boundary is the part of British Columbia for which I am the mouthpiece down here. As the minister knows, it is a section of the country where a large number of small communities are entirely dependent on water transportation for their economic livelihood. I wish to bring one or two of them to his attention, and I propose to deal with them together to save the minister's valuable time.

Even though I know how anxious he is to see this item passed, I am going to take a minute to say on the floor of this house how much I and the other residents of the coast of British Columbia feel indebted to his officers in the New Westminster office for the thorough, complete, and very sympathetic interest and knowledge they have of the problems we have in those small communities.

In the particulars under this item on page 425 there is a reference to harbour improvements at Bella Coola. I would like to urge upon the minister the fact that Bella Coola is one of those communities entirely isolated by every other form of transportation except steamship. There is no road, there is no railway, and there is no commercial air line. This item, which to a very large extent is a revote, has been in the estimates for more than one year, and I would urge upon the minister that he show to the people of Bella Coola that kindness of heart for which he is so famed and proceed to have this small harbour job done this year. The cost is only $49,000.

An hon. Member: That is a lot of money.

Mr. Applewhaite: I also wish to express to the minister the appreciation of the people concerned for the dredging votes for Delkatla slough at Masset on the north end of the Queen Charlotte islands and for Inverness passage near Prince Rupert, for which tenders have been called and I understand it is the department's intention to let those contracts this year.

I cannot emphasize too strongly that in both these cases dredging is required because there is now not sufficient water there to enable the large halibut packers and vessels of that type to come in, unload or lie during low tide. Therefore I hope the minister will take one further step, after providing funds, and make certain that the work is done.

That leads me to one other point I wish to make in connection with dredging. The department has decided this year to undertake two major dredging projects on the north coast. That means it will have dredging equipment in that area, either of its own or under contract. It has taken a long time to get dredging equipment in there, and if it gets away it will take a long time to bring it back, because they will not bring in dredging equipment to do a little $5,000 or $10,000 job. Therefore I urge that certain small dredging requirements be undertaken at the present time. Two I have in mind are not included in the present estimates. The amount involved would be small, and I think there would be time to include them in the supplementary estimates.

At this time I am not asking for a major expenditure. I would urge, however, the dredging of Skidegate channel, between the north and south islands of the Queen Charlotte islands group. That is the only way one can get to the mainland of British Columbia from the west coast of the Queen Charlotte islands, without going around the north or south end or, in other words, without a voyage of about 180 additional miles.

It is a big undertaking to make a real, deep channel through there; but that is not what we are asking. We are asking only for a channel which would enable ships of the size of small packers and fishing vessels to go through the channel. I am not asking even that it be dredged so they could go through at low tide, only that they may be able to go through at half tide to high tide, with reasonable safety.

This is not a little, local proposition asked for only by the residents of a small community. It has attracted the attention of the Prince Rupert fishermen's co-operative association, which represents all the fishermen on the north coast, and the suggestion has been heartily endorsed by them. It has also attracted the attention of the fisheries association of British Columbia.

I should like to read to the minister part of a letter written to me by that association. It is dated February 14 of this year, and says:

> I have been directed by the fisheries association of British Columbia to write you in connection with Skidegate narrows and the possibility of dredging this channel. For many years this matter has been discussed in the fishing industry gener-

ally, and we believe, in the department of defence, but to date nothing conclusive has developed.

When Mr. Sinclair, Minister of Fisheries, was in Vancouver we brought this request to his attention and he suggested that we communicate with you as you were very familiar with the district and would be appreciative of our problem.

The fisheries association suggests that immediate consideration be given to the dredging of Skidegate narrows. During last year's heavy run of pinks on the west coast of the Queen Charlotte islands, there were many delays in the dispatching of the fish to the canneries on the mainland. There were delays in the movement of boats north and south on account of weather, and their inability to navigate through the channel. We believe that such a program would add materially to the protection of fishermen, the efficiency of fishing in this area, and assure the processors of receiving fish in a better condition, which is foremost in our minds.

Then there is the matter of the use of such a channel for defence purposes, crash boats, and other services required in the country's defence.

We recommend, therefore, that a survey be carried out as soon as possible as we feel that the dredging of the channel does not present too great an engineering problem, and believe that the cost of such a project would not be prohibitive.

We would like you to consider this letter as a formal request to initiate the interest of all those concerned. All fishing organizations will support us in this project.

I believe it is the opinion of some officials in the Department of Public Works that this project involves greater expense and a bigger undertaking than they would feel justified in promising at this time. I suggest to them, with all deference, that the people who are actually making their living in the fishing industry on that coast know that channel very well. They know what they want. They know they are not asking for a St. Lawrence seaway; they are asking for the removal of certain obstructions. They are asking for the clearing of brush from points on shore so that one can see from point to point. They are asking for an expenditure which I suggest with respect would be well under $50,000; and $50,000 is a pretty small sum to ask when compared with the value of the fisheries production on the Pacific coast.

Then, on the subject of dredging equipment, I would refer to Digby island, and the little community of Dodge Cove. This is a community of some 60 or less fishing families who make their homes there the year round. It is the site of a small saw mill and a reasonably good-sized privately-owned boat-building establishment. They have a harbour which has a sand bottom, and which should be dredged to a depth of approximately six to eight feet. This would not be necessary over a large area, but only sufficient to afford berthing space for ships to lie in there. These would be fishing boats, and not large ones at that. They could lie in there over low tide without their keels touching bottom and, with the water going out, the ships falling over on their sides.

The approach to the harbour is only a small item. May I emphasize to the minister that if we had no dredging equipment in the district perhaps I would not be justified in asking him to dredge Dodge cove, or to go to the expense of bringing in dredging equipment from the south to do that work. However, with dredging equipment in the area, as there will be this year, it is in the interests of economy and of the residents of the area, as well as the interests of the fishing industry as a whole, that these small dredging jobs be done now, while they can be done cheaply and quickly.

Mr. Adamson: How much will that cost?

Mr. Applewhaite: About $15,000.

Mr. Fournier (Hull): Every remark made by the hon. member will be taken into consideration. It is worthy of note that these requests come from every part of the house, not only from one side.

Item agreed to.

Harbours and rivers generally—

357. Repairs and unkeep for the maintenance of services, including reconstruction and replacements, and to authorize commitments against future years in the total amount of $420,000, no new works to be undertaken, $3,535,000.

Mr. McLure: I notice in this item there is the sum of $200,000 for Prince Edward Island, and a commitment authority for $35,000. Where is that work being done, or going to be done? When will the work commence? Will it be done by tender or otherwise? What other places are being considered in the matter of repairs and improvements, payment for which would be out of the balance amounting to $165,000? A petition was sent to the department some time ago by the fishermen of North Rustico harbour. It was signed by all the boat owners at that point, asking for the building of a protective harbour such as was built at Harris bay or Rustico bay last summer.

Those are questions to which I hope the minister will give answers, because it is important to the fishermen of Prince Edward Island and those interested in harbour improvements that action be taken.

Mr. Fournier (Hull): This item, as it has been repeated year after year, is a general vote for maintenance and repairs of our piers, wharves, breakwaters and harbour facilities. Details are not known in advance. If something happens to a pier or a wharf in Prince Edward Island, and repairs are urgently needed, it is taken out of this vote. If the

hon. member will look at page 427 he will find set out the amounts we are allowed to spend in each province for the upkeep of our harbour works. In the case of Prince Edward Island it is $200,000, plus commitment authority of $35,000. I cannot state in advance exactly where these amounts will be spent. The engineers report on the state of these different works. That is about the best explanation I can give. When the engineers tour the provinces inspecting these works they make out their reports as to needed repairs and the amount required.

Mr. McLure: Your engineer, Mr. Miller, made a recommendation in connection with this boat harbour protection, and I want to know if anything is to be done this year to protect these boats in time of storm.

Mr. Fournier (Hull): If he made a recommendation and there is a sufficient amount available we will certainly follow his recommendation. What is the name of the place?

Mr. McLure: North Rustico, the greatest fishing village in the maritime provinces.

Mr. Fournier (Hull): I know that, because every year the hon. member tells me about it. If it is recommended by the engineer we will repair it.

Mr. Browne (St. John's West): I am glad to know that the minister follows the recommendations of his engineers, because I understand that in the case of Newfoundland there have been a great many recommendations by the district engineer, particularly in the riding of St. John's West. I wonder if the minister has those recommendations, because I have a copy here.

Mr. Fournier (Hull): I gave the hon. member a copy.

Mr. Browne (St. John's West): You did not.

Mr. Fournier (Hull): The hon. member asked me for a copy of the recommendations and I gave it to him. There is no secret about these things.

Mr. Browne (St. John's West): I have an accompanying letter from one of your engineers.

Mr. Fournier (Hull): Do you think he would write the letter without my authority?

Mr. Browne (St. John's West): The minister may have been absent at the time.

An hon. Member: Let us have the letter.

Mr. Browne (St. John's West): I do not intend to read the letter. I am asking the minister if he has the list there.

[Mr. Fournier (Hull).]

Mr. Fournier (Hull): If the hon. member got it from someone other than myself, how could I have it?

Mr. Browne (St. John's West): I want to know if the items mentioned in this letter will be carried out this year.

Mr. Fournier (Hull): I do not even know what the items are. Is that my letter or the letter of somebody else?

Mr. Browne (St. John's West): It is from Mr. Anderson, your assistant chief engineer.

Mr. Fournier (Hull): I do not blame any hon. member asking the engineer to give him a list of the works he has recommended to the department, but I do not know whether this particular list has been approved.

Mr. Browne (St. John's West): That is what I want to know, whether this list has been approved.

Mr. Fournier (Hull): If you got the list before I did, it would not be approved.

Mr. Browne (St. John's West): I do not know. I may have spoken to the minister about this matter and he may have directed me to write to the engineer. I did not think I was getting anything exceptional, because I have done this in previous years. I am not sure that it does much good, because the other members from Newfoundland seem to have much more influence with the minister than I.

Mr. Fournier (Hull): Don't start on that.

Mr. Browne (St. John's West): I have all the figures, and I can quote them to the minister.

Mr. Fournier (Hull): That won't advance things.

Mr. Browne (St. John's West): Am I going to be penalized—

Mr. Fournier (Hull): I think the hon. member is wrong to argue by comparisons. If he has a good case he should advance it, and not rely on the other fellow's case.

Mr. Browne (St. John's West): I understand that the minister is tired as he has had a pretty stiff time.

Mr. Fournier (Hull): Oh, no.

Mr. Dickey: The hon. member is tired.

Mr. Browne (St. John's West): The hon. member should keep to his cost-plus contracts?

Some hon. Members: Oh, oh.

Mr. Browne (St. John's West): It is no pleasure to get up here in this House of Commons and have to plead—

Mr. Fournier (Hull): The hon. member seems to enjoy it.

Mr. Browne (St. John's West): I do not enjoy it any more than the minister enjoys making promises which are not carried out.

Mr. Dickey: Shame.

Mr. Browne (St. John's West): I have here—

Mr. Fournier (Hull): Mr. Chairman, I would like the hon. member to tell me when I made him a promise that I did not keep. Will he give me the place and the amount?

Mr. Macdonnell (Greenwood): Just good intentions.

Mr. Fournier (Hull): That is more than some people have.

Mr. Browne (St. John's West): Here is the list, and I would like to know whether these items are included in the vote we are dealing with now. That was all I wanted to know when I first rose but I have been subjected to so many interruptions—

Mr. McIlraith: Why not ask?

Mr. Dickey: Oh, oh.

Mr. Browne (St. John's West): The hon. member for Halifax is used to dealing in millions and billions, while I am dealing with only a few thousand dollars. I wish he would keep from interrupting. The first item is Bay Bulls and the next is Branch. I have been to both these places and I know the conditions that exist, especially at Branch. This is a fishing village, and a harbour has been made by means of a breakwater on both sides of the river where it runs into the sea. But the harbour fills up with silt. If the minister is listening I would like to tell him about this little fishing village where the fishermen have to work very hard to get their boats over the gravel. I trust it will be possible for him to help out in maintaining that breakwater so that it does not fill up so easily. Some dredging is required, and the wooden bridge is in a dilapidated condition and should be repaired.

A vote was recommended for Calvert, and one for Long Harbour and one for Mobile. Then there was a small recommendation for Petty Harbour, another place which I know quite well. Work has been going on there and the men are carrying out their tasks very conscientiously. Then there is Point La Haye and Trepassey, the latter the one I mentioned this afternoon. Is the minister in position to say whether those will be recommended?

Mr. Fournier (Hull): While the hon. member was giving me that list I was just thinking that there are 262 ridings and people come to me every day and ask me to do this and that. I ask for reports from the engineers or the architects in connection with these different works. I have a certain amount of money voted by parliament, and we try to use our judgment in expending that money. It might be interesting to stand up and make a ten or fifteen-minute speech on each vote, but I cannot give a final answer when I am trying to get my estimates through. If the hon. member would come to my office and confer with my deputy and the officials who know the details he would get a much better answer than I can give, even with all the good intentions and good will that I have.

Mr. Browne (St. John's West): There is just one observation I would like to make. The hon. members for Bonavista-Twillingate and Trinity-Conception do not have to get up here. There were millions spent in 1951-52 in their ridings, and I do not think I am exceeding my rights when I ask—

Mr. Fournier (Hull): If the hon. member's case is not a good one he will not get anything.

Mr. Browne (St. John's West): I do not think I should be called down by the minister for having done that.

Mr. Fournier (Hull): I am not calling you down. Do not get mad over anything like that.

Mr. Browne (St. John's West): I am not mad.

The Chairman: Order. Hon. members should address themselves to the chair. I have noted several occasions during this evening when hon. members have not referred to other hon. members in the proper manner. I have heard a great many remarks made in the second person, such as "you know this" and "you assured me". It should be "the hon. member assured me". I should like hon. members taking part in the debate between now and the adjournment, and of course at all times, to keep these remarks in mind.

Mr. Browne (St. John's West): Mr. Chairman, I hope that in the heat of the debate I did not fall very far away from the strict letter of the law in committee.

Mr. Fleming: It was the minister.

Mr. Browne (St. John's West): I am trying to hew to the line as closely as possible. I should like to ask the minister if he is in a position now to say that these matters have been recommended. He has read me a lecture about what I should not do. He has said that if he had representations from all

262 members across the country he would never get through his work, but he does not have them. Hon. members of the Liberal party do not come here and make any claims. They do not have to. Looking around the house in the last three days we have been discussing the estimates of his department, he should be flattered by the attention which members of the opposition are giving to his estimates. His own members are not interested in them at all. Of course there is a reason for that. They do not have to come here.

The last speech we heard by an hon. member from British Columbia was held up to us as an example of demands from all parts of the house and the country; but that speech stands out alone and solitary. We have to come here. We have to plead with the minister. I did it this afternoon and I am doing it now. I have asked him whether or not these votes have been recommended. He should be in a position to tell me whether or not they are.

Mr. Fournier (Hull): I have not even seen that list. It has not been submitted to me. My deputy says he has not seen it. You must know a lot about my department to have a list of recommendations which should be made to the minister first. Don't you think so? How can I give you an answer?

Mr. Browne (St. John's West): I am supposed to be the representative from this district, and I am making—

Mr. Fournier (Hull): Don't you think I represent something, too?

Mr. Browne (St. John's West): Pardon?

Mr. Fournier (Hull): Don't you think I represent the Department of Public Works?

Mr. Fleming: Address the chair.

Mr. Fournier (Hull): I apologize, Mr. Chairman. I want to say to the hon. gentleman that I am not trying to lecture him. There are many members on the other side of the house who have not made a single speech, but if you look at the estimates you will see that their cases have been discussed. When they had a good case they got something in the estimates. What I do not like is when the hon. member tries to make comparisons with other ridings. If you have a good case—and I am sincere in saying this—you are bound to succeed if I can get the money voted. I have tried to do that for the last eleven years. Just because you happened to come into the house only a few years ago, don't tell me that I am not being fair. I think you are unfair in saying that.

Mr. Browne (St. John's West): I have told you that for four years.

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

Mr. Fournier (Hull): Perhaps the hon. gentleman has been unfair for four years and that is why he is not having any success.

Mr. Higgins: Is there anything for the poor orphans in St. John's East? I am not asking about any particular amount. Is there anything?

Mr. Fournier (Hull): I will explain how we proceed under this vote. The resident engineer in Newfoundland is Mr. Millar. He is an experienced engineer. He was sent to that province to establish the district. After his tours around the province he sends in reports on the state of our works there and makes recommendations for repairs or alterations to those works. He may recommend them to his chief engineer, who will make a recommendation to the minister. When I receive these recommendations they are compared with the requests from all other provinces and we take into account the amount that is allotted to the province and the amount that is appropriated.

Suppose the engineer recommends far more than the amount that has been voted by parliament? What happens? We have to use our judgment as to the works which are to be done. Here is where I differ with the hon. member for St. John's West. If on the report of the district engineer and the chief engineer we think that work on one project is more needed or more urgent than on another project, then the first project will receive priority. I have tried to follow that practice all through the years.

Mr. Higgins: You really have a revolving fund.

Mr. Fournier (Hull): It is voted every year. We have an amount every year.

Mr. Browne (St. John's West): Is the minister in a position to say whether or not the names I have read out have been recommended? They have been recommended by the district engineer.

Mr. Fournier (Hull): What good will it do you if it is recommended and I do not approve it?

Mr. Browne (St. John's West): Has it been recommended by you?

Mr. Fournier (Hull): I will make the decision when it comes to the spending of the money. Somebody will make a recommendation to the minister. They may recommend anything. You have been recommending things to me, and sometimes you do not succeed. There has to be a decision. I look over the list in my office with my officials. That is where we will apportion the amount of money to the works that are most needed or urgent. The hon. gentleman may have a list which

will have top priority. I do not know. It has not come before me yet.

Mr. Browne (St. John's West): But I have talked like this for four or five years now—

Mr. Fournier (Hull): You are still a young man.

Mr. Browne (St. John's West): —and I have heard the minister give the same reply. I am familiar with the system under which he operates. I am familiar with what he has said about how these things come to be recommended and how he has to make a final decision. I know that. But has he made a final decision with regard to this case yet?

Mr. Fournier (Hull): I have not seen the list. How can I tell the hon. member I have made a final decision?

Mr. Browne (St. John's West): The minister seems to blame me for having obtained the list. I hope nothing will be done to the officials. I have the highest regard for them, especially for Mr. Millar. I think Mr. Millar is doing a great job in Newfoundland, and I have always got along well with him. I must say that the minister's officials are very interested in the work they have to do down there. However, I do not think I can be blamed for obtaining this list. I did it quite innocently, and I hope no one will suffer as a result of my receiving it.

Item agreed to.

Generally—

358. Fraser river—50 per cent of the cost of investigations to be carried out by the "dominion provincial board, Fraser river basin", $137,500.

Mr. Fulton: Mr. Chairman, we all appreciate—and I say this with the best of intentions—that this may be the minister's valedictory, and we are all anxious to give him the chance to make it a good one. I am sure the minister will join with us in the effort we are making to give him the opportunity of reviewing his estimates to the fullest possible extent on this occasion.

The minister will appreciate that this is an item in which I and other members from British Columbia on all sides have taken a very active interest. It is an item for the expenses of the board which is carrying out a survey of the whole Fraser river system with a view to bringing in a program of flood control, irrigation and power development. The board, which goes under the difficult name of the dominion-provincial board, Fraser river basin, is a joint dominion-provincial board which was set up following the disastrous floods of the Fraser river in 1948.

We are sometimes conscious, Mr. Chairman, of a feeling that this is where we came in before, and perhaps never more so than in the department of the Minister of Public Works, who always gives us disarming replies which we accept with great hope. But then we find we have to come back next year and ask the same question all over again.

Mr. Knowles: And get the same reply.

Mr. Fulton: And get the same reply. I know the minister's intentions are good. I know the minister appreciates that this is a most important project. I know he will understand that I appreciate that the very importance and magnitude of the task mean that progress may not always be what we would hope for, but I do hope that this year the minister can say more than that the studies are continuing. I would ask him whether he is in a position to let us know what concrete recommendations the board has made and what program is being developed for carrying out their recommendations. I believe there is no more potentially important project in British Columbia than the development of the advantages which could follow from the co-ordination of a program of flood control, irrigation and power development in the whole Fraser river system. I would appreciate it if the minister, in what may be his last opportunity, would give us a comprehensive report of the work of this board.

Mr. Fournier (Hull): I understand that this is really an important question. The hon. member knows how this board was set up by agreement with British Columbia. I have quite a long exposé of the whole situation, and I have a list of the members representing the federal government and the provincial government. I received, I think about a year ago, an interim report from this board, and I am told that I have received no other report. I think I did show that report or give a résumé of it to the members, but it was in such general terms that we could not base any immediate works upon it. This is a survey and study of the whole Fraser river basin. The people on that board seem to have quite a reputation. They are outstanding citizens and engineers.

This is the information I have been given. This amount of $137,500 is required to pay the federal government's share of the cost of investigations proposed to be carried out during 1953-54 by the dominion-provincial board, Fraser river basin. The board was established by authority of order in council P.C. 247/288 dated January 22, 1949, for the purpose of conducting an investigation to determine the improvements which might be undertaken to develop the water resources of the Fraser

valley, British Columbia, in the interest of fish and wildlife, water power, flood control, irrigation, reclamation of wet lands and other beneficial purposes. It is for that reason that there are representatives of these different departments on that board. The board consists of officials of the provincial government of British Columbia and the government of Canada. The province of British Columbia and the government of Canada will share the cost of the said survey and report equally.

The amount asked for during 1953-54 is $137,500. This amount is to cover the federal government's share, 50 per cent, of the cost of the following work proposed to be carried on in 1953-54: Aerial photography and bathymetric survey, $75,000; Department of Resources and Development, gauging stations and metering, $13,200; Department of Fisheries, Canada, gauging stations, $4,250; department of lands and forests, water rights branch, flood control, power and sedimentation investigation, $74,500. The board will spend $34,000 for damsite exploration; $22,500 for pollution investigation; $3,500 for land use mapping; $31,500 for administration, salaries and operation. The total amount is $258,450. The federal government's share is $129,225. The amount necessary for the department to meet monthly payments pending receipt of the province's share of the cost is $8,275. To the best of my ability I have given an outline of the way this money is to be spent, giving the details of the work that is to be done and the amount stated.

As to the progress they are making, as the hon. member says it is a long-winded investigation and I suppose when they have all their data gathered together they will make a final and comprehensive report which will be the basis of the works that may be undertaken by the federal government in conjunction with the provincial government. I realize that it is most important to that province that we continue these surveys and research.

Mr. Fulton: I appreciate the full extent of the analysis which the minister has given of the money that is being spent under this item. I am going to resist the temptation, Mr. Chairman, I assure you and the minister, to make any sort of a speech on this project, although I can assure the minister it is probably one the importance of which is not readily apparent to him or to the members of the house. This Fraser river system takes in the larger part of the dry belt area of the province. It may be news to the minister, but I want to impress upon him that the Fraser river system takes in far more than what is known as the constituency of Fraser Valley. Its tributaries flow through my own riding, and the problems of irrigation, power development and flood control are of immense importance to us there.

[Mr. Fournier (Hull).]

I am sure the minister remembers the number of times I have seen him in his office or have come over to sit beside him in the house to discuss this matter and express the view that, although we appreciate the painstaking and methodical care that must be shown in developing a program to deal with this problem, it does concern us that there is not more positive progress evident. With the greatest respect, I think it is fair to suggest to the minister that the outline he has given us tonight is really nothing more than an outline of expenditures to cover further studies. It does not do very much to reassure us that there is that sense of urgency in developing this work which we sought to impress upon him and have him in turn, as the responsible minister in this government, impart to and impress upon his officials on that board who are undertaking this work.

I do not want to labour any particular point. We understand that this may be the last opportunity we will have to discuss this matter with the minister because other activities may absorb his attention. May I suggest to him that if he does nothing else but get this work going, and get some positive results, he will have erected for himself a lasting monument to his career as Minister of Public Works. Not in jest but with the greatest good will in the world and appreciation of the minister's interest in the whole of Canada, which embraces of course the interests of the province of British Columbia, I do ask him to give this more than just a passing interest. I ask him to devote some time and some effort, if I may use that word, toward impressing upon all the officials in charge of this work the importance of producing a concrete plan and program of development upon which some initial steps may be taken before the close of this fiscal year which we are discussing now. If he does that, and if he takes even one positive step toward construction, the minister may be satisfied that his name will go down in the annals of British Columbia as one of its greatest benefactors.

Item agreed to.

Generally—

359. Protection works generally, $1,000,000.

Mr. Knowles: I note in the details, over on page 428, that this item includes $25,000 labelled as "contributions." To whom are those contributions made?

Mr. Fournier (Hull): I am sorry, but I was looking up my book and did not catch the question.

Mr. Knowles: I said that this item 359, "Protection works generally, $1 million", according to the details on page 428, includes an amount of $25,000 listed as "contributions". To whom are these contributions made?

Mr. Fournier (Hull): I can give instances, I think, in certain provinces where the province has some interest in erosion and the protection of banks, where we did pay up to 50 per cent. I think I have one case on the Fraser river. We have certain cases. I am thinking of a case now in British Columbia, at Chilliwack, where we put up $6,000, the municipality put up $6,000 and the province put up $6,000. This would be under those contributions. I wonder whether the hon. gentleman followed me. Where there is bank erosion, partly occasioned by navigation but in which the province and the municipality were interested, we each put up one-third of the cost. That is what we call here a contribution.

Mr. Knowles: Arising out of this item, there is one other comment I should like to make. It seems to me that in the minister's estimates there are a number of items, including this one, which provide a leeway; in fact, I would call it a rather comfortable leeway. Earlier today we passed item 336 which was for unforeseen improvements, amounting to $1,200,000. That was after we had passed items for specific amounts under the architectural branch. Now, after having passed specific votes under the engineering branch, we come to this item of "Protection works generally", and it is for $1 million. We have already had a number of items covering protection works under the engineering branch. Then when we move on to item 360, we find it is for—

> Miscellaneous works not otherwise provided for, not more than $10,000 to be expended upon any one work.

The total amount there is $590,000. Later we come to item 362 which is—

> To supplement, on approval of treasury board except where less than $1,000 is required, any of the appropriations of the Department of Public Works.

That item is for $400,000. Then the last one, No. 363, seems to me to be in the same category. It is for another $400,000, and it reads:

> To provide for balances required to complete any projects undertaken in previous fiscal years and for which no specific provision is made in the fiscal year 1953-54.

It seems to me that these items are not quite in keeping with the precise and specific nature of the department's items generally. For the most part they specify what they are for. They are broken down as to types of work and as to provinces. But here we have five different items that seem to be for the purpose of making up for underestimates or what have you. When you add those five amounts together they come to $3,590,000. Am I not right in suggesting that that is a fairly comfortable leeway?

Mr. Fournier (Hull): I think we should discuss these items together, if the committee is agreeable, because they are of the same nature. I just want to explain how we proceed. These are not new items. They have existed for years and years. If you read them carefully—

Mr. Knowles: This one is for $400,000 more than it was last year; I refer to the one we are on now.

Mr. Fournier (Hull): Yes. These come in from the different districts, from the engineers, when they tour their districts. I do not know most of these things in advance and if the recommendation does not come in, the money is not expended. But I want to point out the way it is proceeded with here. Let us take this vote 360, for example. The amount we ask for is $590,000. Under that vote we have spent in the province of Newfoundland, in the architectural branch, $1,101.95. This was recommended after an inspection of this building by the resident architect or one of his officials. We have the obligation of maintaining these buildings in a good state of repair.

Mr. Knowles: Pardon the interruption but may I ask, Mr. Chairman, whether these items or amounts that are spent on the recommendation of the district architects are covered in this item? Is this item not under the engineering branch?

Mr. Fournier (Hull): This is item 360.

Mr. Knowles: No; we are on item 359.

Mr. Fournier (Hull): Those are protection works generally. They are under the engineers. There is no architect. I was discussing the other one, item 360. When we get a report from the engineers of our districts, where erosion has been caused by navigation, or by federal works that have been constructed and have influenced the current of the water, or if the damage is done to public works, the report comes in after the inspection and then we will allow an amount, ask for tenders and give out a contract. At this time of the year, before they have made their inspections in all the districts, I can hardly give even the places where this money will be expended during the balance of the year. That system has been in existence for a long time.

The Department of Public Works is the only department that I know of which gives specifically the list of its expenditures in every instance. There are four or five general votes to supplement the specific items that we have in our estimates and which we expend. I am told by those who administer the department and who are doing the work that unless they had these votes it would be impossible to operate; that at times it would be against the public interest if we did not have the amount required to complete the work if it was $1,000, $2,000 or $5,000. You have items limited by $10,000, and other items not comprising new works, just to supplement or complete. I am told that it is the only way the department can operate.

As to those votes, I tell you really that I have to rely on my officials for their reports because they say they would not know how to administer the whole department, after giving all these specific details and exact amounts, if they did not have some leeway in these votes.

Mr. Herridge: I just want to say a word or two on this item, Mr. Chairman. I heard the minister mention contributions toward the prevention of erosion. We have severe erosion on the Columbia river at Revelstoke and at Trail at times, and we have it on the Kootenay river.

Mr. Fournier (Hull): At Revelstoke?

Mr. Herridge: Yes.

Mr. Fournier (Hull): I did work there, did I not?

Mr. Fulton: Some years ago. We want more.

Mr. Herridge: What I want to ask the minister is this. I heard him mention the fact that the federal government assumes responsibility if the erosion was occasioned by navigation or by some work of the Department of Public Works, or if some work of the Department of Public Works requires protection. My question is this. If, in order to meet this problem, the province concerned makes application to the federal government for assistance in meeting the cost of preventing erosion, and where the municipalities pay part of the cost, will his department give that matter consideration?

Mr. Fournier (Hull): I do not think the federal authority would go farther than the definition I have just given now, namely erosion caused by navigation, by federal works being done affecting the current of the water or damages done to federal works. Those would be the three divisions on which they would base their reports.

[Mr. Fournier (Hull).]

Mr. Herridge: As I understand it the contributions were apparently made for some works by municipalities which were undertaken on the river.

Mr. Fournier (Hull): In certain parts of the Fraser where there is navigation and where we did works and dredging, those works did influence the current of the water and erosion took place. We did pay certain amounts for those works. I do not know whether that is clear enough, or whether I am putting it the right way.

Mr. Robichaud: Would the construction of breastworks for the protection of our shores in the bay of Chaleur, for instance, against the encroachment of tides and currents be covered by this item?

Mr. Fournier (Hull): That would be in the specific amounts. If a wharf, pier or breakwater was affected by the stream or tide in certain places we would have a special item to cover that damage. Erosion, however, is not the same thing.

Mr. Robichaud: I mentioned the shoreline.

Mr. Fournier (Hull): No; just damage occasioned by navigation or by public works, or to public works.

The Chairman: Shall the item carry?

Item agreed to.

General—

360. Miscellaneous works not otherwise provided for, not more than $10,000 to be expended upon any one work, $590,000.

Mr. Browne (St. John's West): On item 360 I have one more question to ask the minister. Are there any specific votes under this item for Newfoundland?

Mr. Fournier (Hull): I am afraid I have not been clear in the way I have explained it. This vote is not allotted to any province in particular. If an amount is required to complete a job—and they are generally small amounts of $1,000, $2,000, $3,000—and if we have expended the total amount of the specific vote, then we will complete it out of this vote.

Mr. Browne (St. John's West): There were a number of things to be done, and I will just mention the places because the engineers may be familiar with them. They are: Arnold's Cove, Admirals Cove, Long Beach, Mosquito, Portugal Cove South, St. Shott's, St. Stephens. Those are all fishing settlements where the work is very necessary. Nothing has ever been done before, and I hope that the minister will keep them in mind when they come before him.

Mr. Fournier (Hull): Well, even though we have had most agreeable discussions this evening, may I say that I do take these things into consideration. I want to tell the hon. gentleman that I am not so tired that I will forget about them.

Item agreed to.

General—

363. To provide for balances required to complete any projects undertaken in previous fiscal years and for which no specific provision is made in the fiscal year 1953-54, $400,000.

Mr. Fleming: Before the items are completed I recall that a few minutes ago the minister spoke of his attachment to the principle that engagements should be carried out. I know he would readily agree that promptness is of the essence of performance. This afternoon the minister was good enough to promise that he would give me the detail of the item of $4,000 in his estimates for this year for furnishing the prime minister's residence. Has the minister that information to give the committee now?

Mr. Fournier (Hull): I left the house about half past six, went out to have my dinner, came back at five minutes to eight, and I have been here ever since. A promise is a promise, however, and I will give you those details the moment I have a chance to go back to my office and get them. There will be nothing hidden, and if we do not need the money we will not spend it. If we are going to spend it we will tell you how, where and when; and we will go into the detail for every last cent.

Before you leave the chair, Mr. Chairman, I wish to thank the hon. gentlemen for the co-operation and good will and help they have given me. I was thinking during these three days that if hon. gentlemen had had, as I had, requests from all of these gentlemen in the House of Commons they would be astounded at the amount I am asking parliament to vote—as compared to the total of the requests of all of the gentlemen.

Mr. Fleming: Mr. Chairman—

The Chairman: Does the hon. member for Eglinton wish to say something more on this item?

Mr. Fleming: I have indicated my desire to be co-operative with the minister, and I do not wish to delay the conclusion of the estimates of his department. At the same time I hope the minister will give the information to the house. It is not just for myself, it is a matter of interest to others.

Mr. Fournier (Hull): I may have the information tomorrow at the opening, and I will just table it or give it to the hon. gentleman. I think I will have time to get the information tomorrow morning, and I give the assurance that tomorrow, or Monday at the latest, I will give the information to the house.

Mr. Fleming: I thank the minister; but has he looked into this matter carefully himself? After all, it is a very substantial amount to be spent on the furnishing of the prime minister's residence, which was furnished just two years ago.

Some hon. Members: Oh, oh.

Mr. Fleming: Here we are this year with another expenditure of $4,000. We have not the information here, so I am left with the alternative of asking the minister if he has looked into the matter personally and is satisfied that this is something that is required. It is a very substantial amount after the fabulous sums spent on this residence and its furnishings two years ago.

Mr. Fournier (Hull): If I was not satisfied that it was required I would have refused to bring it before the treasury board and before the cabinet; but there is no home in this country that I know of that does not require something to be done in it every year. I happen to own a home and I would like to skip a year in which I would not have to make certain expenditures.

Whilst I am Minister of Public Works I will not allow this residence to get into a state of disrepair. I am going to try to keep it in good repair, but the hon. gentleman will get any information he wants. He has that assurance from me.

Mr. Fleming: We are not discussing repairs at the moment. This item covers furnishings; and there are not very many homes that spend $4,000 a year on furnishings, especially after being set up handsomely just two years ago.

Mr. Fournier (Hull): This is included in an estimated expenditure of $10,500 which was passed yesterday. I promised that I would give the details of that vote, and I will.

Item agreed to.

The Chairman: The next item is 57, Department of Citizenship and Immigration.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we shall first take up the Income Tax Act, then the resolution which is the basis for the superannuation bill. That bill will be sent for study to a committee, and we are anxious to have

it go through as soon as possible. Then we shall take up the estimates of the Department of Citizenship and Immigration.

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

The following items were passed in committee of supply:

DEPARTMENT OF PUBLIC WORKS

Acquisition, construction and improvements of public buildings—

325. Nova Scotia, $1,200,000.

326. Prince Edward Island, $235,000.

327. New Brunswick, $1,215,000.

328. Quebec, $9,440,000.

329. Ottawa, $7,000,000.

330. Ontario (other than Ottawa), $10,500,000.

331. Manitoba, $1,450,000.

332. Saskatchewan, $2,400,000.

333. Alberta, $2,300,000.

334. British Columbia, $3,850,000.

335. Yukon and Northwest Territories, $1,000,000.

336. Unforeseen improvements, $1,200,000.

Engineering branch—

337. Branch administration, $526,822.

Engineering services—

338. Salaries, surveys, inspections, etc., $1,719,701.

339. Construction or acquisition of buildings, works, land and new equipment, $110,850.

Dredging—

(including snagboats)—

340. Maintenance and operation of plant and contract and day labour works, $3,332,175.

341. New plant and equipment, $1,726,300.

Graving docks—

342. Maintenance and operation, $386,794.

343. Prince Rupert dry dock and shipyard and appurtenant works—to provide for operating losses and essential repairs for the fiscal year 1953-54, $110,000.

Locks and dams—

344. Maintenance and operation, $267,009.

Road and bridges—

345. Maintenance and operation, $386,936.

346. Towards international bridge over the St. Croix river between St. Stephen, New Brunswick, and Calais, Maine, the state of Maine to pay a like amount (revote $10,000), $125,000.

347. Towards construction of spans of bridge over the interprovincial channel of the Ottawa river between Pembroke, Ontario, and Allumette island, Quebec (revote $50,000), $200,000.

Acquisition, construction and improvements of harbour and river works—

Construction, acquisition, major repairs and improvements of, and plans and sites for, harbour and river works listed in the details of the estimates, provided that treasury board may increase or decrease the amount within the vote to be expended upon individual listed projects—

348. Newfoundland, $1,600,000.

349. Nova Scotia, $5,000,000.

350. Prince Edward Island, $1,800,000.

351. New Brunswick, $2,500,000.

352. Quebec, $6,000,000.

353. Ontario, $7,346,000.

354. Manitoba, $76,000.

355. Saskatchewan, Alberta and Northwest Territories, $178,000.

356. British Columbia and Yukon, $6,000,000.

Harbours and rivers generally—

357. Repairs and upkeep for the maintenance of services, including reconstruction and replacements, and to authorize commitments against future years in the total amount of $420,000, no new works to be undertaken, $3,535,000.

Generally—

358. Fraser river—50 per cent of the cost of investigations to be carried out by the "dominion provincial board, Fraser river basin", $137,500.

359. Protection works generally, $1,000,000.

General—

360. Miscellaneous works not otherwise provided for, not more than $10,000 to be expended upon any one work, $590,000.

361. National capital planning service, $52,226.

362. To supplement on approval of treasury board except where less than $1,000 is required, any of the appropriations of the Department of Public Works, $400,000.

363. To provide for balances required to complete any projects undertaken in previous fiscal years and for which no specific provision is made in the fiscal year 1953-54, $400,000.

HOUSE OF COMMONS

Friday, April 10, 1953

The house met at 2.30 p.m.

PRIVILEGE

MR. CLAXTON—REFERENCE TO CORRESPONDENCE PUBLISHED IN "SATURDAY NIGHT"

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, I rise on a question of privilege. Yesterday the hon. member for Kamloops (Mr. Fulton) asked me a question about the conduct of the deputy minister of national defence, Mr. Drury. In view of the fact that other references have been made to that matter and that these all seem to be based upon a misapprehension, in fairness to the deputy minister, who cannot speak for himself here, I think I should make the matter more plain.

Mr. Fulton: His letter appeared in *Saturday Night.*

Mr. Claxton: The letter to which reference was made was a letter from Mr. Drury addressed to Mr. Stevenson, not to *Saturday Night;* and it was Mr. Stevenson who chose to publish it. I might also draw attention to the fact that in the final paragraph of his letter of reply Mr. Stevenson said this:

> I propose to ask the editor of Toronto *Saturday Night* to publish this correspondence between us.

That is the end of the paragraph and of the letter. That paragraph was not included in the edition of the reply published by *Saturday Night* or Mr. Stevenson, in the correspondence to which the hon. member referred.

Mr. Diefenbaker: Mr. Speaker, the minister having read an excerpt from the letter, possibly he would now table and put on the record the whole letter.

Mr. Claxton: I should be glad to do so. I was waiting for the opportunity.

Mr. Diefenbaker: I am waiting. Put both letters on the record.

Mr. Claxton: I think I should also read, from the article by Mr. Stevenson in *Saturday Night* of March 14, 1953, the passage to which Mr. Drury took exception quite properly because of the gross inaccuracy of the article.

Mr. Diefenbaker: Quite improperly.

Mr. Claxton: In this passage Mr. Stevenson says:

> In the sessions of the select committee on defence expenditures, the persistent efforts of its chairman, Mr. Croll, and his henchmen to smother damaging evidence of governmental waste and mismanagement has not availed to prevent the opposition members from unearthing some very damning material to sustain their case. They are now licking their chops over some candid reports by important officials—

And I stress those words "important officials".

> —and their severity can be gauged by the following two quotations:
>
> "However, I could not fail to be impressed by the fact that for such a tremendous administrative machine there appears to be very little fighting strength", and "a high percentage of the construction and other contracts were awarded on a cost-plus basis, which the department itself has declared to be wasteful, inefficient, and an incentive to extravagance."

That is the end of the quotation and of the paragraph. The last quotation is from an article by Mr. Arthur Blakely, and the deputy minister of national defence, having charge of the personnel of national defence, thought it was only proper to call to Mr. Stevenson's attention the fact Mr. Blakely was not yet in the employ of the Department of National Defence; he is not an important official. After references like these, the opposition talks about having horses on the payroll.

Mr. Fulton: Mr. Speaker, I rise now not to debate this matter, because I know that under the rules the time for that will be when we get to the estimates of the minister. I can assure you it will be debated at that time.

I understood the minister was going to read certain letters so that the whole of them might appear on the record. I point out to you that he read a part of one of the letters and then made certain personal and inaccurate comments and did not complete the reading of the letters. I suggest to you, sir, that the full letters should now appear completely on the record side by side.

Mr. Claxton: What I was asked to do was to produce the letters. I have done so. I will be very glad to take up the time of the house to read them. I suggest they are available to any hon. member who wishes to read them.

Mr. Casselman: Table them.

Privilege—Mr. Claxton

Mr. Diefenbaker: Now, Mr. Speaker, this is not Mr. Drury he is dealing with, and I am not taking any directions. These letters must be tabled, since excerpts have been read from them, and they should become part of the record.

Mr. Claxton: They have been tabled, and I said that twice already.

Mr. Diefenbaker: No.

Mr. Claxton: If the house will permit, I will read the letters.

Mr. Speaker: Order. There is no provision for tabling these letters. The only documents that can be tabled are public documents. If the minister wants to have the letters read, or if the house wants them to appear in *Hansard*, I have no objection.

Mr. Claxton: Let them appear in *Hansard* as an appendix.

Mr. Fulton: May I suggest that they should appear in *Hansard*.

Mr. Diefenbaker: That is what we want.

Some hon. Members: Agreed.

Mr. Speaker: Is it agreed?

Some hon. Members: Agreed.

(For text of letters, see appendix, page 3738.)

REPORTS OF COMMITTEES

BROADCASTING—CONCURRENCE IN SECOND REPORT

Mr. W. A. Robinson (Simcoe East) presented the second report of the special committee on broadcasting, and moved that the report be concurred in.

Motion agreed to.

MISCELLANEOUS PRIVATE BILLS—FIFTH AND SIXTH REPORTS

Fifth and sixth reports of the standing committee on miscellaneous private bills.—Mr. Winkler.

CANADIAN BROADCASTING CORPORATION

PROVISION FOR SHORTWAVE BROADCASTS TO POLAND

Hon. J. J. McCann (Minister of National Revenue): With your permission, Mr. Speaker, I wish to make a short statement with reference to shortwave broadcasts to Poland. I wish to announce that the government has decided in principle to place an item in the supplementary estimates which will be submitted later this session and to ask the house to vote the necessary funds to provide for shortwave broadcasts to Poland by the Canadian Broadcasting Corporation international shortwave service similar to broadcasts now being made to other countries in eastern Europe.

WHEAT

ANNOUNCEMENT OF INTERNATIONAL AGREEMENT

Mr. G. J. McIlraith (Parliamentary Assistant to the Minister of Trade and Commerce): On behalf of the minister of Trade and Commerce (Mr. Howe) I should like to make a short statement.

Hon. members will have read or heard that the international wheat council, which has been meeting in Washington, has made recommendations to governments for a renewal of the wheat agreement. The following is the text of the press statement made yesterday by the chairman of the council:

The international wheat council decided by a substantial majority today to recommend to member governments that the international wheat agreement, which was due to expire on July 31 of this year, be extended for a further three-year period at a new price range of $2.05 maximum and $1.55 minimum to replace the present range of $1.80 maximum and $1.20 minimum.

The United Kingdom delegate informed the council, however, that while his government desired a renewal of the agreement it was not prepared to accept a maximum price above $2 per bushel.

Details with regard to the guaranteed imports and exports that would apply under the new agreement have not yet been decided. These will be announced as soon as this question has been settled.

In the course of the negotiations which began at the end of January, the council has also agreed to recommend to governments a number of textual amendments to be incorporated in the new agreement. These are being introduced largely on the basis of the experience gained in the operation of the wheat agreement since 1949 and are intended to clarify certain parts of the agreement and to improve its operation. None of these recommended changes, however, alter the basic principles on which the agreement was originally established.

A provision of the new agreement will permit the council, under certain conditions, to select an expert advisory panel to give the council an advisory opinion before taking a decision on any dispute arising on the application or interpretation of the agreement. The present position under which the council is the final arbiter on all disputes is unaffected.

Arrangements are being made for a formal signing ceremony which will be held within the next few days, after which the agreement will remain open for signature for a period of 14 days. Copies of the new agreement will be made available to the press at that time.

The Minister of Trade and Commerce is out of the city today. He will give a further explanation of the situation on Monday next.

Mr. Diefenbaker: In view of the fact that the parliamentary assistant pointed out that the British representatives were not agreeable to that maximum, can he tell us what maximum price the British representatives were prepared to accept?

Mr. McIlraith: The statement I have quoted—and this is the statement of the chairman of the council—contains this paragraph:

> The United Kingdom delegate informed the council, however, that while his government desired a renewal of the agreement it was not prepared to accept a maximum price above $2 per bushel.

I might say that there will be a full statement on this subject by the minister on Monday.

ARMED FORCES

ENLISTMENT OF DUTCH MUSICIANS

On the orders of the day:

Mr. G. R. Pearkes (Nanaimo): May I direct a question to the Minister of National Defence? Is the department enlisting Dutch musicians as bandsmen for the 27th brigade?

Hon. Brooke Claxton (Minister of National Defence): Yes, and also for service with the Canadian forces in Canada. Arrangements have been made whereby a limited number are being taken on strength.

Mr. Pearkes: Are they being placed on the payroll as sergeants?

Mr. Claxton: I will have to look into that.

INCOME TAX ACT

Hon. Douglas Abbott (Minister of Finance) moved the second reading of Bill No. 228, to amend the Income Tax Act.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Robinson in the chair.

On section 1—*Premium on redemption of shares.*

Mr. Macdonnell (Greenwood): Mr. Chairman, I do not propose to make more than a word of comment on the budget as such. I do however wish to make a few comments on the question of dominion-provincial-municipal tax problems.

As regards the budget itself, all I wish to say is that I think the public has been able to realize the truth of what I said in reply to the minister, that the minister has thought of everyone except the people; that 75 per cent of the people get little or no benefit from it; and that instead of his bringing in a social dividend, he brought in an anti-social dividend.

I wish now to turn to the question of dominion-provincial-municipal taxation problems. It is interesting to note that the great nation to the south of us is grappling with this problem in no uncertain way. Their position, of course, in principle is very much the same as ours. The President has announced a project of inquiring into taxing and spending functions of the various taxing authorities. A commission is to be set up to stake out the proper areas for each authority. I should like to say in passing that that is what the Leader of the Opposition and other hon. members in the house have been asking repeatedly. It is also what the premier of Nova Scotia, Mr. Angus Macdonald, has been asking. And in this connection I would put on the record only a sentence from the Ottawa *Journal* of April 6 which, in commenting on this American proposal, says:

> Why such a step has not been taken in Canada when its need is starkly imperative, all but passes understanding.

I would have liked it better if the words "all but" had been left out; because certainly I am unable to understand it. I can only imagine it is just another instance of that overholding power of people who have been in office for a long time, who lose touch, and who do not act in the way which ordinarily one would expect reasonable persons to act.

Mr. Abbott: I do not want to interrupt my hon. friend, because I am keenly interested in what he has to say. I think, however, that technically he is completely out of order in discussing on section 1, which amends certain sections of the Income Tax Act, such problems as federal-provincial-municipal taxing relations. If we were to proceed to discuss matters of that kind at this time, then frankly I do not know how any hon. member could be prevented from discussing any other matter which he might consider he wished to bring before the house.

I am sorry my hon. friend did not see fit to make his comments in the course of the budget debate, or at some other time when, in doing so, he would have been within the rules of the house. I am in your hands, Mr. Chairman, of course; but I submit the hon. member is completely out of order in discussing this matter at the present time.

Mr. Macdonnell (Greenwood): My understanding is that in the debate on section 1 of a bill we have been allowed considerable latitude. It seems to me this question is one of great practical importance, because it goes to the very root of taxation. As I have said, and now repeat, the range of discussion allowed on section 1 of a bill has been wide. If it will relieve the minds of hon. members at all, I might mention that I shall not be long in what I have to say.

I realize however that that does not go to the question of principle.

The Deputy Chairman: Order. I quite agree with the hon. member for Greenwood when he says that we have allowed a wide range of discussion on clause 1 of a bill. But I would point out that that range is limited to the principle of the bill itself. I would ask the hon. member to confine himself to general remarks on the principle of the bill which, in this instance, is an act to amend the Income Tax Act.

Mr. Macdonnell (Greenwood): With deference, Mr. Chairman, I submit that, among other things, this is a bill to raise money. I do submit that questions affecting the dominion's need for revenue, which I am trying to discuss when I open up this whole question of the distribution of responsibilities between the dominion and the provinces, is within the scope of the bill.

Mr. Abbott: I must differ with my hon. friend. I have a keen interest in his views, and I am sure they would be well worth listening to. But if we do not adhere to the rules of the house, then I just do not see how we can have any sort of orderly debate.

The question my hon. friend is raising is a very important one. I dealt with it at length in my budget speech. In his reply my hon. friend did not deal with it at any great length. But I suggest that was the time to deal with this general question of the financial relationships between different levels of government in Canada, and that it is not properly debatable when section 1 of a bill to amend the Income Tax Act is called.

Mr. Graydon: Mr. Chairman, while the minister may have no intention of curtailing debate in the matter, it seems to me the income tax is so closely related to and interwoven with the question of dominion-provincial relations that it might properly be discussed at this time. The income tax is one of the major tax fields, and it has been under discussion many times in dominion-provincial discussions.

It seems to me that, on that basis, the hon. member is not asking too much when he asks for the opportunity to finish his remarks on this point. I suggest that he be given that opportunity. It may be that Mr. Chairman may wish to give a ruling on the point. I am sure however that the hon. member for Greenwood is not one who makes it a habit to encroach upon the rules of the house, for any purposes whatsoever. I suggest that he be given the opportunity to finish his remarks.

[Mr. Macdonnell (Greenwood).]

The Deputy Chairman: I am sure hon. members will realize that I have no wish to curtail debate in any way. But as has been pointed out by the Minister of Finance, under our rules there are proper occasions upon which the debate on certain subjects should take place.

I must agree with the point of order taken by the Minister of Finance when he says that the remarks of the hon. member for Greenwood are too broad in scope. I would therefore ask the hon. member to co-operate by adhering in his remarks to the principle of the bill before us.

Mr. Macdonnell (Greenwood): Well, Mr. Chairman, that was the one subject I wished to talk about. If that is ruled out of order, the committee will not have the pleasure of hearing me at all.

I suggest, with deference, that my whole understanding has been that when section 1 of a bill has been called there has been a wide-open opportunity for discussion. It seems to me that when the minister suggests this matter was discussed by him in his budget speech, and that then, and then only, was the time to discuss the matter further—

Mr. Abbott: Not necessarily the only time.

Mr. Macdonnell (Greenwood): I say that when the minister suggests that this is not the proper time, his interpretation is too narrow. However, if that is your ruling, Mr. Chairman, I shall have to defer to it.

Mr. Abbott: As I say, I am always anxious to hear what my hon. friend has to say. I think however that there may be another opportunity for him to speak on this subject when my estimates are under consideration. I think there are some items in the estimates of the Department of Finance which should afford him the opportunity to make the observations he wishes to make—but not today.

Mr. Graydon: As an experienced legislator in this chamber, the minister knows that the practical result, when debate is curtailed as it is now suggested it should be, is that it breaks out on a motion to go into supply. If we are going to get this house closed in reasonable time early in May I should think the minister will have to take a different course than to suggest to the chairman that this be not proceeded with. I think that will only add to confusion in the end. I can only hope that the hon. member will be allowed to finish.

Mr. Abbott: As a good lawyer I believe in following the rules.

Mr. Knowles: I wonder if I might offer a suggestion. This problem comes up often, and I recognize the validity of the point which the Minister of Finance seeks to make. This is a bill amending an existing statute. I think the confusion arises by reason of the fact that sometimes bills that come before us are brand new. When that happens it is the usual practice that a general discussion is allowed on section 1, which is usually the short title. But when we get a bill amending an existing statute, such as this bill, section 1 usually amends some section down the line in the statute and that right of general discussion is not usually extended. I think that that is the reason for the confusion.

However, it does seem to me that the remarks which the hon. member for Greenwood was trying to make would have been in order on the second reading of this bill while Mr. Speaker was in the chair. If that is correct, it might therefore be argued that the same remarks would be in order on third reading. I offer that as a suggestion. If it is not acceptable to have this speech made now the hon. member might be allowed to make it on third reading.

Mr. Abbott: If it is within the rules I would not have the slightest objection.

Mr. Macdonnell (Greenwood): The trouble with me is that I am too co-operative and I did not stand up while Mr. Speaker was in the chair because I thought that that might slow up matters. I am not going to press the matter further. I was going to make the suggestion which the hon. member for Winnipeg North Centre has been good enough to make, and perhaps I shall deliver my remarks on the third reading of the bill.

Mr. Green: I should like to ask the minister one or two questions on the first section. The other day we had a discussion with regard to allowing the cost of reforestation as an operating expense. It will be found in *Hansard* of March 20. The Minister of Resources and Development entered into the discussion and said in effect that there had been some arrangement made within the last few weeks whereby these expenses would be allowed. On further questioning he admitted, as will be found on page 3149 of *Hansard,* that this allowance would be made only where the taxpayer had what is known, in British Columbia at least, as a forest management licence. I would ask the minister to explain just what this new provision covers. There are comparatively few firms which hold forest management licences. Practically all of them are quite large concerns and I am worried whether this provision will be applicable to the small operator who does not hold a forest management licence.

My other question has to do with the possibility of obtaining an exemption to cover the costs of nursery and child care incurred by a mother who is working. The minister will remember I dealt with that in my budget speech. I would ask him to let us know whether any consideration has been given to my request and if there is any possibility of obtaining that exemption.

My third question has to do with out-of-town travelling and living expenses of persons engaged in the building and construction trades. This matter also was raised during the budget debate and I should like to know what stand the government is taking.

Finally I should like to know what changes are being made with regard to pension funds. The minister stated during the budget debate, and I quote from page 2129 of *Hansard* as follows:

> Special provision will be made to alleviate the tax on refunds paid out as a result of reorganizations of pension plans. This will apply, of course, in the case of the Canadian National Railways pension plan reorganization which has been of interest to many hon. members.

Complaints have been made that because this reorganization plan will mean the payment of lump sums to the recipients the Department of National Revenue is taking the position that the whole payment will be taxable in the year in which it is received. That seems to be a most unfair arrangement and I would ask the minister to explain in what manner the problem is being dealt with by this bill.

Mr. Abbott: I shall answer the last question first. It is dealt with in a section a little later in the bill, but in essence the payment which is being made as a result of the reorganization of the Canadian National pension fund will result, as I understand it, in quite substantial lump sum payments being made to pensioners.

Mr. Knowles: Are we on section 12?

Mr. Abbott: My hon. friend is taking exception.

Mr. Knowles: The minister suggested that we should follow the rules.

Mr. Abbott: As a matter of fact, the hon. member for Vancouver-Quadra was completely out of order with the questions he asked on section 1, but I thought that as the questions related directly to the Income Tax Act perhaps it would not be stretching the rules too far to answer them at this time. Every one of the questions he asked

was out of order under section 1. I am quite willing to give information on this section as I think perhaps that would be within the spirit of a discussion on section 1. What I objected to strongly was discussing general philosophic principles on section 1 of the bill. If the committee wants to adhere strictly to the rules, needless to say I will be delighted to do so.

Mr. Green: It is a pretty well established practice that there is wide discussion permitted on section 1 of a bill.

Mr. Abbott: Perhaps I could answer that question when we deal with section 12 which relates directly to the Canadian National pension plan. I will give this information when we reach that section because some other hon. members may have questions to ask.

As to this matter of the cost of reforestation, I am not exactly clear as to what my colleague may have been referring to as I was not in the house at the time. I am informed that it is a question of fact in each case. If the expense incurred by the taxpayer is an operating expense, if it can be considered as an operating expense, it is deductible. On the other hand, if it is of a capital nature then it is a capital charge and would be subject to capital cost allowances and written off over a period of years.

Then the hon. member asked about the cost of nursing. I understand he is referring to the practical nurse who might be brought in to look after children while the mother is out working. There again we have never felt that under the Income Tax Act we can allow deductions from salaries and wages as expenses. Salaries and wages, with certain exceptions with which my hon. friends are familiar, are considered as income. It is difficult, if not impossible, to draw a line between what expenses might be allowed and what expenses cannot be allowed. While this arouses a good deal of sympathy it is not a matter on which we feel we could breach the important principle which is involved.

Then the third point was the expenses of construction workers on out of town jobs. I must say that we gave that matter a tremendous amount of anxious consideration because I realize that these days, with active construction programs going on in a great many parts of the country, it is necessary for construction workers to move from one part of the country to another and in doing so maintain their permanent homes wherever they may happen to be resident. But here again, on this basic principle to which we have adhered, salaries and wages are taxable income by definition and the taxpayer is not entitled to deduct living expenses. He can, in the circumstances set out in the act, deduct expenses when he is in travel status as defined in the act, but unfortunately in a good many instances that does not meet the cases to which my hon. friend refers.

All I can say is that, after a great deal of careful consideration and discussion with my officials and the officials of the Department of National Revenue, we felt we could not make this further exception in the law. I had discussions on the matter with representatives of the trade unions who put their case before me very fully and fairly. I should have liked to be able to grant it but it just was not possible.

Mr. Green: Are there not other groups who are already getting that exemption? Their travelling and living expenses are being allowed, and I think that the men in the construction trades could be brought in under the same category, or perhaps it would require an amendment to the act. Then there is the further fact that the construction industry is of vital importance to Canada today, and I know that it is becoming difficult in British Columbia to get men to go to projects in the more remote parts of the province. I believe there is some danger that developments which would otherwise take place may be held back because this exemption is not allowed. The question came up there in this form. The unions actually entered into an agreement with management under which these costs would be paid by the employers, but then they were taxed so that the agreement did not help at all. I think this merits a further check by the Department of Finance and the Department of National Revenue.

Mr. Abbott: The union agreements to which my hon. friend referred were not exactly on the basis he outlined. What happened under the union agreements was that it was provided that the worker would be paid a certain sum of money in lieu of travelling and living expenses. It is perfectly open to the employer to reimburse his workers for their actual out of pocket travelling and living expenses, but apparently that involves some added expense and difficulty, and as you know we have a very strict rule against lump sum expense allowances. Consequently we did not feel that an addition to the per diem or per hourly rate to compensate for out of pocket expenses could be allowed. I realize that is a simple and perhaps efficient way of handling it, but nevertheless it does breach the principle to which I have alluded.

Mr. Green: With respect to the second point, deduction of the cost of nursery and child

care in the case of a mother who is working, would the mother not be in a similar position to a professional man who hires a stenographer to help him earn his income?

Mr. Abbott: No, because he is on a gross basis. He gets fees and he charges his expenses before he arrives at his net. He is not being paid a salary. She is being paid a salary.

Mr. Green: The reason she cannot get the exemption is that she is getting a salary?

Mr. Abbott: That is a fundamental distinction in our law. As my hon. friend knows, I have explained before that salary and wages, by definition, are income. If a man is an independent contractor or a professional man he grosses up his fees, deducts his office rent, salaries, stationery and other expenses and arrives at his net. That is his taxable income. But if he is hired by a corporation for a salary, then presumably the corporation pays those expenses and charges them up as an expense of doing business. For instance, as I pointed out, a man who is a salaried employee cannot get a deduction for the expenses of a maid to look after his children. It is a fundamental principle.

Mr. Green: That is a different situation.

Mr. Abbott: Nor could a professional man.

Mr. Green: Suppose the mother is carrying on a business of her own such as running a public stenographer's office. Could she then deduct these costs?

Mr. Abbott: No. She could deduct the expenses of running her office but she could not deduct any of her home expenses.

Mr. Green: If the minister will investigate the situation further, I think he will find that the working mother is at an unfair disadvantage in so far as these exemptions are concerned. I hope that further consideration will be given to the matter. With respect to the allowance for reforestation, the minister has not yet made it clear to me at least in what manner that applies. Will these tax deductions be applicable to any legitimate forest operation in which the taxpayer is working on a sustained yield unit program?

Mr. Abbott: As my hon. friend knows, the dividing line between what is a capital expenditure and an operating expense is sometimes very hard to draw. Take this case as an example. Suppose by virtue of one of these management licences, or whatever the correct description is, there is taken over a tract of land that has already been cut over and puts into effect a large-scale reforestation program. What is then being done in effect is to create a new capital asset. That would be a capital expenditure and as the timber was cut depletion depreciation could be taken.

Mr. Green: But the timber would not be cut for many years.

Mr. Abbott: That is quite true. It is the same way when you build a plant. The plant is amortized over a long period of time. On the other hand, in the case of a current operation, where as the operator cuts down some trees he plants new ones as a part of his general operation, my information is that the wages and salaries in that operation can be considered as operating expenses. But as I say, it is very difficult to lay down a hard and fast rule as to what in a given case is capital and what is an operating expense. Almost every case has to be looked at on the facts of the particular case.

Mr. Green: Perhaps the minister can deal with it in this way. Will this new arrangement, which apparently was made in February of this year, be applicable to only a handful of the very large operators who have forest management licences from the provincial government of British Columbia or will it be applicable to the forest industry as a whole?

Mr. Abbott: I am told that it applies from coast to coast.

Mr. Green: How will it work out in British Columbia? Will it only apply to the dozen or so who have forest management licences or will it apply to the hundreds of smaller men who are carrying on forest operations and in many cases are doing reforestation?

Mr. Abbott: I am told it applies to them all.

Mr. Green: If that is right that is satisfactory.

Mr. Abbott: That is my information. The same rule applies to all.

Mr. Green: My understanding is that so far the smaller men do not know anything about it. They were quite surprised to hear that an arrangement had been made, and presumably it was made with the big operators.

Mr. Abbott: I am informed by the deputy minister of national revenue that it applies to all of them. There is no distinction between the two groups.

Mr. Graydon: I should like to ask a question or two. The first matter is one on which I have a great deal of difficulty in defending the government when I am in my own constituency, and you can readily realize that is a problem I should like to have solved here. Also people keep asking me why it is that when the wife dies the husband then must go into another status from the point of view of income tax. He cannot any longer claim marital status as a householder operating a self-contained establishment. In most of these instances where they come to me, and

where I have to put up as good a case for the government as I can, I find it very difficult to defend that position. That is, of course, not the only instance where I have trouble defending the government but it is true in this case particularly.

In most instances the man of the house has greater expenses by virtue of the change in status than he did before. It may be that something has been done in connection with this legislation and if so I would personally welcome it and ask the minister if he has given consideration to it.

Mr. Abbott: As the hon. member knows, a widower, or even an unmarried man, who is maintaining a self-contained domestic establishment and supporting someone in it who is dependent on him for support, is entitled to the marital exemption.

Mr. Graydon: Yes, but that is not the question.

Mr. Abbott: A widower who has no children and is not supporting anyone and who prefers to live in his house instead of living at a club does not get the $2,000 exemption. He is treated as a single person. A widower who supports children and who lives in a home continues to get the $2,000 exemption.

Mr. Graydon: The problem arises where the widower has children in the home who are perhaps over the age limit. Those are the cases with which I am having difficulty because people cannot see the reasoning. I must confess too that I cannot see why that exemption cannot be allowed to a widow or a widower as the case may be.

I know that you cannot extend this all over the place and allow it to run wild as far as these self-contained establishments are concerned, but surely there must be some definition that can be drawn without getting into administrative difficulty or meeting administrative obstacles which are too great to hurdle. I would like the minister to give some further consideration to the matter because it does seem to me that there are instances where the government might go some distance without infringing too far upon their administrative regulations.

The other point I want to mention is one I raised last year. I know that the minister must have given some consideration to this and it arises out of little people being in business—people who employ perhaps one or two others and who are just managing to get by. These people are finding that they must work for nothing in the collection of these income tax payments, and I do not think that the little fellow particularly ought to carry the government's load without in some way receiving remuneration for it.

I can understand that perhaps this does not mean so much to those who have a big set-up where they can deduct the cost of doing these things; but I could never understand why the government needs to be hitchhiking on top of the little fellow as far as the expense of these collections is concerned. The government has money for other things and it seems to me that the situation is pretty intolerable from the little man's point of view.

I raised this matter last year and I coupled with it the statement that if all of the members of the house were to go into some little business and see just what they would have to do for this government, without getting a five-cent piece in return, they would be astounded. They would have to collect unemployment insurance; they would have to collect these income tax payments; and by the time they got around to answering all the questions asked by the dominion bureau of statistics they would find that they did not have time to look after their own business. I do not think that situation should be tolerated or continued. The minister I think said that it was an instance of good citizenship. Well, you can extend good citizenship pretty far—to the point where citizens are out of business. It is pretty difficult for me to see why some leniency might not be shown at least to some people in the way of relieving them of carrying further burden. I know the minister will have an answer, and it will be one of those answers which have been carefully gone over by the administrative staff. Nevertheless, I think there is a case where at least somebody ought to champion the little fellow who is making so many of these deductions and who is carrying so much of this load. It is pretty difficult to make ends meet in little business today; and I think that what you are doing in many instances is driving little business into the hands of big business.

An hon. Member: Hear, hear.

Mr. Graydon: I confess that the difficulty I mention does not apply so much to big business and I am, of course, only talking about the little fellow. He is entitled to be given a little break on this, whether you give him the break in some compensatory way here or on something else.

Mr. Abbott: As I told my hon. friend last year, when he raised this question, I share his solicitude for the little fellow; but it does not require any high-priced help to give one answer to this problem. This income tax deducted at the source, and unemployment insurance deductions, must be collected by somebody. If the employer does not do it we will have to hire a few thousand more civil

servants, pay them to do it, and then tax the little fellow among others to pay for that service.

My own belief is that the present system whereby the taxpayer makes the deductions and remits them is about as efficient and cheap a way of doing the job as there is. Under those circumstances I think he makes his contributions through the services of himself or staff rather than as a taxpayer. If he has a bookkeeper he can charge up the expense of the bookkeeper as an expense of doing business. I think that successive governments, this one and those preceding it, have found that this system is about as fair a way of collecting these payments as can be found.

Mr. Knowles: I wonder if I might ask the minister a question on clause 1.

Some hon. Members: Hear, hear.

Mr. Graydon: Ask it on third reading.

Mr. Knowles: I realize that I am being extraordinary in dealing with the matter before the house.

I have two questions that I would ask. First, will the minister explain why he is bringing in this clause at all? What was wrong with the taxing of premiums received on the acquisition of shares?

My second question is this: Why is a section like this being made retroactive when some other sections such as those dealing with the allowances for children attending university or the change in the level at which medical expenses are allowed, are not being made retroactive?

Mr. Abbott: I will deal with the last question first.

In the amendment to the act in 1949, provision was inserted providing for tax on acquisition of shares at a premium. I do not believe that there was very widespread general knowledge of that amendment which introduced the word "acquisition". What happened was that in the case of a number of companies which proposed to redeem their shares at a premium—and in some cases at a substantial premium—they did it by purchasing shares on the market. A man would buy shares of this company, hold them perhaps a month or two and sell them, not realizing that he was selling to a person who was in fact buying them for redemption by the company. I had some instances brought to my attention where a tax liability of say $10,000 or $12,000 was created where in fact the purchaser and seller of the shares had suffered a small loss on the transaction.

It was quite easy, for anyone who knew the ropes, and who knew those shares were being redeemed, to legally avoid the payment of any such tax. The shares are being either acquired by or held by a Canadian tax-exempt organization and as such the tax would not apply. So it seems to me that there was a trap in the law which should not be continued; and it led to an examination of the whole question of the taxation of the premiums on the redemption of shares. It seemed desirable to make a fundamental change and to provide as the law now does, or as the law will provide if this bill is passed, that in the case of redemption of shares at a premium, the premium may be paid out of tax-paid undistributed income if the company is one which has created such a form of tax-paid income. If not, there will be a special tax of 20 per cent of the premium imposed upon the redemption of those shares.

This is fairly technical, I know, but I think it is a satisfactory solution to a problem which, I may say quite frankly, has bothered me for a long time. As I say, anybody who knew the ropes could always avoid the payment of taxes on shares being redeemed at a premium and it was only the people who either did not know how to go about it or who did not know that the redemption was going to take place, who got caught. In this way we will be sure of getting a reasonable tax on the premium on the redemption of shares.

The 20 per cent rate is 5 per cent in excess of the rate at which, it will be recalled, pre-1949 surpluses can be capitalized as tax-paid undistributed income. The committee will also recall that as to profits since that time, if half are paid out as dividends, the other half may be created into a tax-paid surplus. That is the general basis on which this amendment to the law is made. There are two or three other sections relating to it.

Mr. Fleming: In the light of the explanation which he has just given, may I ask the minister whether it is likely to mean the opening up of a good many returns in the case of taxpayers who have already been taxed on the premiums they received on the redemption of shares?

Mr. Abbott: I think there will unquestionably be reopening of some returns because there were really some hard cases brought to my attention. I was shocked at the inequity of some of them and that is what really prompted the introduction of this measure. I think it will involve the reopening of some of the returns. A number of appeals were taken which I think are still pending. The assessments will be revised. It is pointed out that there will be a reassessment of these

returns by the department and a revised notice of assessment will be issued.

Mr. Fleming: In all these cases will the department take the responsibility in connection with the reassessment? No doubt the period has passed for entering an appeal against those assessments going back to 1949 income.

Mr. Abbott: I am told it all arose as a result of the reassessment by the department. They picked this up in the returns. I think there are perhaps not a large number of securities involved because there have been a limited number of companies who, during the last two or three years, have acquired shares for redemption.

Mr. Fleming: I should like to be clear on this. In the case of a taxpayer whose assessment was made, let us say, on 1949 or 1950 income, where the file is closed and the usual period for entering any appeal against the assessment is past, do I understand that the department will in that case take the responsibility for reopening the assessment and making the refund for any excess paid, in the light of this retroactive legislation. There is not much use of our passing legislation intended to be retroactive for the relief of a taxpayer if the period for reopening his assessment has passed and the time for appeal is past, unless the department is prepared to take responsibility for reopening the assessment.

Mr. Abbott: As my hon. friend will recall, it applies only to the case of the acquisition of shares, not to redemptions. I think the onus must be on the taxpayer. If the assessment has been made and the time for appeal has expired and no appeal was lodged and the tax was paid, it is up to him to make application for reopening and refund; and that would be given to him.

Mr. Fleming: Even though his period for appeal has passed?

Mr. Abbott: Oh, quite.

Mr. Fleming: The department will allow that?

Mr. Abbott: Oh, yes. Everybody will be treated equally.

Mr. Macdonnell (Greenwood): Mr. Chairman, I presume that everyone is presumed to know what the law is but in fact not everybody does. Is it sufficient for the department merely to say that it will not invoke the passage of time for appeal? Is it asking too much that the department will, as I understand the hon. member for Eglinton to say, assume responsibility for reassessment?

[Mr. Abbott.]

Mr. Abbott: The department will, I think, reassess; but I think the onus must remain on the taxpayer of asking to have the assessment reopened and of claiming a refund of the tax which he has paid.

Mr. Macdonnell (Greenwood): He may not know about it.

Mr. Abbott: I think most of them know it. My impression is that a great many of them know about it.

Mr. Adamson: I gather that this measure refers only to preferred stocks which were redeemed by operations in the open market. It does not apply to preferred stocks which were redeemed at a premium, shall we say, of five points over par?

Mr. Abbott: It does not apply to those retroactively; but it does apply retroactively to preferred shares which were acquired in the open market by the company. But as my hon. friend knows and as the committee know, these shares would be bought in the market in the ordinary way. The vendor would not have any idea to whom he was selling. He might think he was selling to another investor when in fact the purchase was being made by the company. It is that type of case that we are providing the relief for. For the future we have a new system for handling the redemption of preferred shares with this special tax of 20 per cent unless it is paid out of tax-paid undistributed income. But the retroactive relieving part applies only to what I might describe as the cases of the innocent bystanders who did not realize that they were involving themselves in any tax liability.

Mr. Adamson: It refers clearly to the monetary premium?

Mr. Abbott: That is right.

Mr. Adamson: It does not refer, for instance —although I do not know that there were any of these cases—to a preferred stock which was redeemable in terms of common stock or transferable in terms of common stock and the aggregate of the common stock conversion was higher than the selling price of the preferred stock?

Mr. Abbott: It does not apply to redemption at all in the past; purely to acquisition.

Mr. Higgins: Mr. Chairman, I have one question to ask. I am afraid that it is a little bit out of order but I can see no other section under which I can ask it. The minister has been wandering a little bit in answering some of the other questions and I wonder if he will answer this one. Can the

principle of employee deductions be extended to employees of the American bases? I have been requested to ask whether arrangements could be made.

Mr. Abbott: I shall have to look into this matter. We would be happy to do it.

Section agreed to.

On section 2—*Municipal officers expense allowance.*

Mr. Green: This is the clause which refers to the expense allowance of municipal officers. We had quite a lengthy debate on the resolution dealing with this matter. At that time there was some question as to whether an elected officer would include a member of a school board and of a parks board. Can the minister tell us whether this amendment is meant to cover those officers or only persons elected to council?

Mr. Abbott: It is not intended to cover school boards. It is intended to cover only elected municipal officers and to extend to them the same principle that applies to us as members of parliament or to members of provincial legislatures. There is nothing, of course, to prevent members of school boards from being paid their out of pocket expenses, on an actual basis; that is, being reimbursed the actual out of pocket expenses which they incur as members of the school board. There is not, and there never has been, anything to prevent a municipal officer from being reimbursed his actual out of pocket expenses incurred in the performance of his municipal duties. But, as we know, that involves a considerable amount of keeping track of expenses and so on. Since we ourselves here as elected representatives provided a lump-sum allowance for expenses which it is well recognized we have to incur, it seemed desirable and appropriate to extend that same privilege to the principal elected officials of other bodies. This is for the municipalities. My information is—and it is certainly true in my own province—that very few members of school boards receive anything in the way of remuneration. It should be borne in mind that one can only get this expense allowance if one is voted specifically and it must not exceed one-third of the combined total. But there is nothing to prevent any of these other officials being reimbursed for their actual out of pocket expenses.

Mr. Green: The wording of the new clause is:

> Where an elected officer of an incorporated municipality has been paid . . .

It does seem to me that a member of a school board is an elected officer, as is a member of a parks board. I do not see why they should not get the same treatment. As a matter of fact, when the resolution was before the committee I argued that they should be treated in the same way as the members of the council. I believe that the way the section is worded it is wide enough to cover them. The minister now says they are not going to be covered.

Mr. Abbott: They were not intended to be covered. It may be that the section is wide enough to cover them. I do not think it is, personally, but we certainly did not intend to cover them. This is a new departure and I would certainly not recommend extending it beyond the elected municipal officials. None of the school board officers need be out of pocket. They can get their actual expenses. I do not think many of them are paid remuneration. I served on a school board once; I did not get remuneration for doing it; I do not think most people do. This is a new departure. It is the sort of thing we will look at another year, but it does represent a very substantial concession to municipal officials. Mark you, they have to be voted remuneration plus expenses. They cannot be voted just a lump sum for expenses; it must be a combined sum, and the expense portion of the sum must be not in excess of one-third of the total.

Mr. Knowles: In some provinces of the country, and particularly in the west, school board members are elected officials. In my own city, for example, they are just as much elected officials as are the members of council.

Mr. Abbott: They are in a lot of other places.

Mr. Knowles: And they are paid remuneration for their services. I will not argue the merits or demerits of the general principle of the exemption, but it does seem to me that the two groups should be treated on the same basis.

Mr. Adamson: I should like to ask the minister a question on this because I took the trouble to send copies of *Hansard* to a large number of municipal officers in my own constituency, and I know there was a great deal of confusion in their minds as to the real meaning of this. The intent is clear, that it is desirable that elected municipal officers who receive an expense allowance for which—

Mr. Abbott: I would not go that far. This is purely enabling legislation. I do not think it is desirable.

Mr. Adamson: It is enabling legislation. In order to benefit from this legislation, does the municipality have to pass a minute of council or a specific bylaw stating that the

salary shall be so much and the expense shall be half of the salary?

Mr. Abbott: That is right, not more than half the salary.

Mr. Adamson: Not more than half.

Mr. Abbott: Appropriate municipal action must be taken.

Mr. Diefenbaker: The point in connection with this very attractive looking section is that it is not going to operate fairly among all municipalities, and I am going to point out the significant words. A moment ago the minister admitted with frankness that before anyone could qualify in respect of the retroactive effect of this section it would be necessary for that person to be voted a sum to include remuneration plus expenses.

Mr. Abbott: That is right.

Mr. Diefenbaker: And that is the significance of this section. That is the point I intend to raise in connection with it because it is not going to be fairly applied everywhere across this country. The section reads as follows:

> Where an elected officer of an incorporated municipality has been paid by the municipal corporation an amount as an allowance in a taxation year for expenses incident to the discharge of his duties as an elected officer of the corporation, the allowance shall not be included in computing his income for the year unless it exceeds one-half of the amount that was paid to him in the year . . .

The significant words there are: "has been paid", and a little later on, "was paid". Take the situation in some provinces of this country. There is no provision in the legislation of those provinces for an honorarium to include expenses. Take my own province; take the province of Ontario. These provinces have legislation that permits the payment of honoraria, and have had that legislation over the years, but that legislation does not include any provision for expenses as part of it.

Mr. Abbott: Ontario has now amended its statute.

Mr. Diefenbaker: I am going to come to that. The interpretation placed on that legislation of Ontario already by some of the officials is that it is not effective. At the current session of the Ontario legislature legislation was passed, and I will come back to that in a moment.

As I understand it, with very few exceptions, there are at the present time but one or two municipalities to which the retroactive feature of this legislation will apply. One is the city of Montreal—

Mr. Abbott: That is right.

[Mr. Adamson.]

Mr. Diefenbaker: The city of Montreal has its own legislation to the effect that an amount is paid as an honorarium which is to include in addition an allowance for expenses. Other municipalities have not that legislation, and the result is going to be that in so far as the retroactive effect of this legislation is concerned the only ones who would benefit from it are the members of the municipality of Montreal.

Mr. Abbott: I think there is one other, or there may be one or two others. There may be quite a few; I do not know.

Mr. Diefenbaker: Will the minister tell us who the others are?

Mr. Lesage: Quebec.

Mr. Abbott: I cannot remember them—the city of Quebec.

Mr. Diefenbaker: I did not know that.

Mr. Abbott: I do not know about the other provinces.

Mr. Diefenbaker: All right; the city of Quebec.

Mr. Abbott: I am not familiar with the others.

Mr. Diefenbaker: This is a very good principle. The city of Montreal and the city of Quebec, which was mentioned by the parliamentary assistant, have this legislation. I did not know that, but they have adopted a very farseeing piece of legislation in making that provision. Others have not done that.

Mr. Abbott: They will now.

Mr. Diefenbaker: Oh, yes. I am speaking about the retroactive effect. That is the important thing here. Others, not having adopted it, are placed in a position where no municipality other than the one or two that have been mentioned particularly will benefit from this retroactively. I think no one wants to bring in legislation that is going to deny municipal officials all the way across Canada the same equality in its retroactive effect.

A while ago the minister said that Ontario has this legislation. At the current session provision was made for a division of the amount to be paid to elected municipal officials. In addition, within that legislation provision was made that the division should be considered to have been retroactive in effect. The amendment states that one-third of the salary back to 1946 shall have been deemed to have been paid for expenses. When the minister says that that legislation has been passed, that is true. It was passed at the recent session. But according to the officials administering this legislation, the provision is unacceptable to the authorities administering the income tax. While I do

not have them on my desk at the moment, I have seen documents from the treasury branch stating that it is unacceptable.

The amendment will not be fair and reasonable unless the departmental officials administering it will agree that it shall apply wherever a province passes an amendment to its municipal act, and makes in that act a provision whereby whatever honoraria have been paid shall be considered to have been two-thirds honoraria and one-third expenses. Otherwise an injustice will be done to elected municipal officials, everywhere in Canada, with the exception of two or three urban municipalities.

Municipal officials are a group of public servants who, too often, must shoulder the responsibilities of public office, and have but little of the appealing side enjoyed by members of parliament and of legislatures. There are many people who think there are no compensations in public life. The minister would not be here if there were not. There is the satisfaction in the service performed, and in all parts of the house men are giving their services unselfishly and in a spirit of personal sacrifice, knowing that the monetary returns are not great.

From now on, however, municipal officials are to be extended equality with members of the dominion parliament and of provincial legislatures. However, if the retroactive effect of the legislation is to apply only in the case of two municipalities which, in their foresight, made provision some years ago for an actual division as between honoraria and expenses, then I say the section should be amended so as to allow all municipal officials who have received honoraria since 1946 to be placed in the same position as the officials in those two municipalities. There may be more, but the minister mentioned two of them. While I have no knowledge of them, there may be others.

Certainly an appeal to the minister to make a provision to give equality everywhere is not an appeal to special interests. It is not an appeal for any particular individuals. Rather, it is an appeal that municipal officials everywhere in our country shall be treated with equality under this legislation.

The Ontario legislature decided to meet the situation and, as I said, passed legislation at the present session. However, up until the eighth day of April the authorities had not notified the government of Ontario, or the treasury officials of that province, that the amendment would be acceptable in so far as those municipal officials are concerned.

I should like to ask the minister to elucidate the situation. I noticed that he was at great pains to accentuate the situation where the vote that had been made heretofore, and prior to the coming into effect of this legislation, covered remuneration plus expenses.

Mr. Abbott: In answer to my hon. friend I would say only this, that this matter was carefully considered and it was decided to make the section retroactive so as to apply to cases where, in fact, the appropriation or allocation of remuneration and expenses had been segregated, and that we were not going to make it retroactive to other cases.

Mr. Diefenbaker: That is exactly the point I have made, and the minister supports it. My interpretation of the effect of this section is correct. Now I ask him this question: Legislation was passed by the legislature of Ontario, in its recent session, and in which I believe provision has been made that it shall be considered that since 1946 the amount paid for honoraria to municipal elected officials shall be deemed to be divisible by two-thirds as honoraria and one-third as expenses. Is the minister prepared to say that that legislation will be recognized by his department, and that all municipal officials will be retroactively considered for income tax purposes to have received the amount provided for expenses in the legislation passed by the Ontario legislature? If so, I have no doubt similar legislation will be passed by the legislatures of other provinces.

Mr. Abbott: I have before me a copy of the bill passed in the Ontario legislature, adding a section to the municipal act. It is an enabling section. I do not think I shall take the time to read it. However, it does permit municipal corporations, by an appropriate bylaw or resolution, to provide that one-third of the total remuneration, not to exceed $2,000, may be deemed to be expenses incidental to the discharge of the office. I find nothing about retroactivity to 1946 in the bill before me. In any case it would not be competent for the Ontario legislature to make a provision of that kind retroactive for federal income tax purposes.

Mr. Fleming: It is regrettable that when a sound principle is given recognition, such recognition should be open to the complaint that it fails by reason of omission, especially when those omissions are discriminatory in their nature. My colleagues, the hon. members for Vancouver-Quadra and Lake Centre, have drawn attention to two flaws in the section, both of which it seems to me are in their nature omissions, and both of which are discriminatory in their effect.

I wish first of all to say a word about the point raised by the hon. member for Vancouver-Quadra, because I do not think the minister has answered it adequately. He

referred to the question of the position of elected members of school boards—or, for that matter, elected members of other boards forming part of any municipal government. The minister made the statement, as I understood him, that members of school boards, or school trustees, could always recover their expenses. Speaking of the board of education in the city of Toronto, which has under its charge the biggest municipal school system in this country, I wish as a former member of it to say now that his statement is not correct.

Mr. Abbott: Why can they not? Will not the school board pay them?

Mr. Fleming: Expenses the trustees incur?

Mr. Abbott: Yes.

Mr. Fleming: No; there is no provision made for the payment of expenses of trustees.

Mr. Abbott: There is nothing to prevent the school board paying the actual out of pocket expenses of trustees, and the member of the school board does not have to include that in his income.

Mr. Fleming: I can tell the minister that no provision is made for the payment of their expenses.

Mr. Abbott: That is up to the school board.

Mr. Fleming: It will be interesting to note what will happen in the light of the discussion here today. I can tell the minister that no provision is made for the payment of expenses to school trustees.

Why should a distinction be drawn between elected members of school boards and elected members of city councils? There is no distinction in principle. It is quite true, as the minister has said, that in many municipalities no provision whatever is made for the payment of any form of remuneration to members of school boards or boards of education. That is a matter for the provincial legislatures. But where provincial legislation does permit the payment of remuneration to school trustees or members of boards of education, whatever form the organization may take, I submit that there is no ground whatever that will warrant this discrimination, that will acknowledge the principle of permitting an exemption in a case of this kind for expenses incurred by an elected member of a municipal council and will deny similar exemption to an elected member of a board of education or, for that matter, any other elective office on a municipal board.

Then on the other point raised by the hon. member for Lake Centre, I wish to say that there is a straight case of discrimination. I submit that where it is clearly the intention of the provincial legislature to permit municipal councils to pass bylaws or resolutions making retroactive the effect of provisions of the kind contemplated in this section, that determination should be acknowledged by the federal authorities and effect given to it. There is not much use passing legislation here which is pictured as being remedial in nature and retroactive if in fact it is going to be given such a meagre and narrow interpretation that even the intent of provincial legislatures with respect to it is to be ignored or even defeated.

Coming back to the point I made at the beginning, here is a sound principle which is recognized in the section. Why cannot we have an unimpaired recognition of the principle? Why must there be these gaps left in that recognition, especially when the result is discrimination?

Mr. Knowles: The minister said earlier in this discussion that this legislation is based on the fact that there is legislation providing exemption from income tax for the expense allowances paid to members of the House of Commons.

Mr. Abbott: To private members.

Mr. Knowles: The minister is reminding us that it does not apply to him. Of course he gets in addition a motorcar allowance of $2,000 which is free from income tax.

Mr. Abbott: That is right.

Mr. Fleming: More discrimination.

Mr. Knowles: As hon. members know, this was granted first to members of the House of Commons. Then it was extended to members of provincial legislatures. Now it is being extended to members of municipal councils. As all hon. members know, when some of our friends in the press gallery have nothing better to write about they write about the remuneration received by members of parliament. This is a subject that is frequently written about. In view of recent press rumours to the effect that some day there might be a change in the basis of remuneration for members of parliament, perhaps involving the elimination of any exemption from income tax; if that were done, what would be the minister's attitude toward these exemptions to elected officers in other jurisdictions?

Mr. Abbott: I must confess that I have not given it any thought up to the present time and would not want to give a snap answer. I think the whole situation would have to be looked at. Members of the committee will recall that the tax-free expense allowance provided to members of parliament was the

subject of some criticism. I felt that that was unwarranted. I happen to know why it was introduced by my predecessor, Mr. Ilsley.

It was introduced at a time when the income tax rates were just about double what they are now. In order to give members of parliament even a reasonable amount for the added expenses which they were incurring, if it were to be made fully taxable it would have meant raising the indemnity to more than double the $4,000 as it then was. So it was decided to use the method of granting a tax-free expense allowance.

If one were able to get the tax scale down to even more modest proportions than it has been possible to do at the present time I may say—I can only express my personal view—that I would not be unduly enamoured of tax-free expense allowances. When it is possible to do it, I think it is preferable to have the income all taxable and such expenses as are involved paid on an actual basis. That is only my personal opinion and I would not want to feel committed to it. It must depend on the circumstances existing at the time. As members of parliament we must recognize that our remuneration is tied in with the expense allowance.

Mr. Macdonnell (Greenwood): Do I understand that the minister is not prepared to make a change?

Mr. Abbott: Not this year.

Mr. Macdonnell (Greenwood): There are one or two comments I should like to make. It seems to me that the minister has not answered the criticism of discrimination. He has been less than convincing when he says that the phrase "paid by the municipal corporation" applied only to municipal officials and not to members of school boards. I wonder, with the discrimination and inequality that have been pointed out, if it would not be reasonable, in view of the fact that this has an impact on every municipality in the dominion, to ask the minister to reconsider it. It is not an overwhelmingly important point, but nevertheless it is of great importance. I really feel that the minister has not answered the criticism which has been made.

Mr. Abbott: I have tried to answer it but probably have not done so satisfactorily. I am not prepared to state that there is discrimination. My personal experience is that most municipalities do not pay their municipal officials. This work is done voluntarily as a public service. It is only in the larger municipalities where the practice has existed of paying the municipal officials. As I said before, it has always been open to any municipal official to receive from the municipality any out of pocket expenses which he has incurred.

This special privilege of a tax-exempt lump sum allowance is being extended for the first time to elected municipal officials. I would want to know a good deal more about the organization of school boards of one kind and another across the country before I would want to extend this principle still further. I do not think I can add anything to what I have said already.

Mr. Green: If a member of a school board is elected in exactly the same way as a member of a council, will he not then be eligible for the benefits of this section? I do not see how in fairness the department can get away from the wording "elected officer of an incorporated municipality." How is the department going to be able to step in and say that an alderman is an elected officer and that a member of a school board is not?

Mr. Abbott: If the member of the school board is in law an elected officer of an incorporated municipality he would benefit from the section. In my province he would not because he would be a member of a completely separate corporation. Perhaps this would apply in British Columbia, but it would not in Quebec.

Mr. Green: I think in British Columbia the member of the school board is elected in the same way as the member of the council.

Mr. Abbott: It is a matter of the legal interpretation of the section.

Mr. Adamson: Mayors, reeves and members of municipal councils particularly in the province of Ontario, are probably the most overworked and underpaid people in public life in the whole country. I think this is an extremely good principle and absolutely justified. We must also remember that mayors and reeves of most municipalities have to fight an election every year, which I think is archaic in principle.

Mr. Abbott: As I have indicated, I do not like the principle very much, any more than I like it for ourselves, but if we are going to do it for ourselves we may as well extend it to others.

Mr. Adamson: Apparently this section is repeated in section 47.

Mr. Abbott: That is simply for the revised statutes. In effect half of the bill is a re-enactment of the amending provisions for the revised statutes. In all these taxing statutes we have to have a double enactment of the sections because, as my hon. friend knows, we are amending the new revised

statutes this year. Therefore the section to which he refers is really an enactment of this provision for the purpose of the revised statutes.

Mr. Adamson: I read it rather rapidly. Is it in identically the same language?

Mr. Abbott: It should be, with appropriate references, if necessary, to the revised statutes, but it is the same provision.

Mr. Montgomery: In subsection 2 it says that this section is applicable to the 1949 and subsequent taxation years. That is the part which is objectionable in my part of the country. The objection is along the lines that the hon. member mentioned a few minutes ago. In New Brunswick, and I think also in the other maritime provinces, there are a few elected school board members and to my knowledge they do not get any remuneration. Most of them are now appointed and are therefore out of the picture. But if you are going to permit officials of certain cities and towns in the dominion to go back and claim for 1946 I think it is discriminatory and unfair to us in those provinces that do not have that legislation. I feel that part should come out of the act, and I voice my objection to it because it is discriminatory so far as we are concerned. With respect to the future, that is a different matter. I agree with the principle.

Mr. Abbott: I cannot add anything to what I said to the hon. member for Lake Centre on that point.

Section agreed to.

On section 3—*Employer's contribution to pension funds.*

Mr. Fleming: There is a point I should like to raise with respect to pension funds. I should like to urge on the minister that the time has come for some review of the whole position of pension funds in relation to section 11 of the Income Tax Act. The minister has received extensive representations this year with a view to broadening the provisions of section 11 of the act. I am sure there is nothing I can tell him on that subject that he does not already know. I have seen something of the briefs that have been submitted to him. The representations are along this line, that section 11 is much too limited in its scope at present and that the time has come when it should be extended to groups other than simply employees. There is a broad range of people in this country who are members of various kinds of groups who do not fall under the classification of employees, and no provision whatever is made for them at the present time in this law in relation to any pension plan that they as members of professional, labour or business associations may choose to set up.

Representations have come to the minister along this line proposing quite detailed provisions to deal with such cases. These representations come from responsible organizations and quite broadly representative associations. I know of one representation that was made to the minister on behalf of a group of such associations which included the following: The Associated Dentists Co-Operative, the Association of Professional Engineers of the Province of Ontario, the Canadian Dental Association, the Canadian Institute of Chartered Accountants, the Canadian Medical Association, the Certified Public Accountants Association of Ontario, the Commercial Travellers Association of Canada, the Law Society of Upper Canada, the Royal Architectural Institute of Canada and the Toronto stock exchange.

There are ample safeguards that are possible. I know the minister has been somewhat concerned about trying to hedge any such extension of the scope of the legislation with ample safeguards. Many safeguards have been proposed, many of them of a quite practical nature which will in my view, after some study of the plans, adequately prevent any abuse of plans of this kind. There is comparable legislation in the United States congress. It seems to me without labouring the point—and, as I say, I am not speaking on it at length because the minister is already fully familiar with it—that effect should be given to representations of this nature and that the law should be amended to enlarge the present scope of section 11 so that organizations of the kind I have mentioned, including business associations as well as bona fide professional associations, would have the benefit of it.

Indeed, the scope of the proposed amendment would extend its benefits, according to the submission that has been made to the minister, in these words, to "bona fide agricultural, labour, business, industrial or professional associations, or similar organizations." I am aware that the minister has not said a final no to these representations and I am glad that he has given some indication that he is prepared to give the matter further consideration. For my part I should like to say that I hope as a result of further study a way may be opened up for amendment of section 11 at an early date that will enlarge the scope of its beneficial effects.

Mr. Abbott: I thank my hon. friend most sincerely for raising this most important question because, as he has said, it is one that has been engaging the attention of myself and my

officials for a number of years. I decided that this year I should like, if the occasion offered, to make a considered and somewhat detailed statement as to the progress that we have made up to this time in considering this important question.

During the past year I have received, as my hon. friend has said, quite a number of requests from professional groups urging amendments to the Income Tax Act which would allow a deduction for income tax purposes similar to that now provided for employee contributions to approved pension plans. In effect, the substance of these requests is for tax postponement on savings devoted to the purchase of retirement annuities. This request, although supported by a wider group this year than ever before, is of course by no means new. It has been put forward each year, I think, over a considerable number of years and, as I say, a great deal of attention has been given to it both by myself and by officials of my department. But I have not yet been satisfied that I should recommend to the house this new departure in principle under the Income Tax Act. As I said at the outset, I welcome this opportunity to give the house some of the reasons for the position I have taken on the matter.

First of all I should like to explain how it comes about that employees are given a deduction for their contributions to approved pension plans. Some solution had to be found to the purely technical problem of preventing double tax on pension income. All would agree, I think, with the general rule that income should not be taxed both when it goes into the fund and again when it is paid out. A decision had to be made as to when such income should be taxed. As the committee will recall, following the Ives commission report some years ago we adopted the uniform system of taxing pension income when it is received as a pension out of the fund and freeing from tax, up to certain defined limits, income paid into the fund.

Personally I think that was a wise decision, for the alternative would have meant taxing income when paid into the fund, that is, taxing the employee in a year on income which in fact he never received in that year, the employer having deducted the proper amount from his wage or salary and paid it directly into the pension fund. Likewise, the employee does not receive currently that which the employer contributes on his behalf into the fund. It would have been a still greater anomaly to have required the employee to include in his income for tax purposes this additional amount placed to his credit by the employer in the year in which he actually earned this benefit. These are problems which were avoided by the principle of taxing only at the time the employee received his pension.

It is seen, therefore, that tax postponement for employees was introduced to solve the technical problem of removing double taxation and to avoid taxing employees on benefits earned in a year but in respect of which no cash equivalent was received in the year. I might now point out that neither of these problems exists in the case of the professional groups which have asked for tax postponement on savings; that is, their income is not now taxed twice and they are not taxed on income not actually received or receivable in the year. Accordingly, tax postponement granted to them would be a purely gratuitous measure of tax abatement not justified by the necessity of meeting technical problems in the taxing statute.

I think it is fair to say that, although the government is interested in seeing pension plans adopted in industry, the tax postponement feature did not arise out of a policy designed specifically to give positive benefits to taxpayers. Rather it was adopted to remove existing tax obstacles to the reasonable operation of pension plans. In view of these facts it is not very effective, it seems to me, to attempt to argue by analogy that, because employees have tax postponement as a solution to their particular problem, therefore self-employed persons should likewise have it in respect of their voluntary savings.

Much of the discussion of this subject alleges that the existing provisions discriminate unfairly against the self-employed who cannot participate in a pension plan. It might be suggested, I think, that this difference in the relative positions of the two groups can very easily be exaggerated. Some aspects are frequently overlooked. For example, those who devote their savings towards the purchase of endowment policies or annuities receive very reasonable tax treatment in that they are never taxed at all on the interest earned by the funds paid in right up to the date of maturity of the endowment or annuity contract. The employee in a pension plan, however, pays tax on all the interest earned on his payments into the fund right from the day of his first instalment payment. This, I suggest, is an extremely important difference in the two situations, and is one that is rarely recognized by those arguing for the benefits of pension plan legislation. Furthermore, in the case of the employee who put his savings into a pension plan, those savings are completely locked up and are not available to him in the ordinary course of events. The self-saver, on the other hand, always has his assets in a form available to him for emergency or for convenience. There is, of course,

no double taxation of funds used by the self-saver to purchase an endowment or annuity because the proceeds of their savings at maturity are tax free whether taken in a lump sum or in the form of an annuity. I suggest that an objective comparison of the relative positions of the two groups raises some question about accepting too readily the view that the self-employed are discriminated against.

Most of the requests which I have received for amendments to allow tax postponement on savings have come from well organized professional groups with national organizations. It seems clear, however, that once the law departed from its present principle of confining tax postponement to employees there would be no logical stopping point short of allowing this privilege to everybody, not merely to the self-employed but also to all employees who are not now covered by pension plans. The fact that certain groups have professional status with well recognized national organizations could not, I think, be regarded as a proper criterion for securing particular benefits under tax legislation. It is, therefore, on this basis of general applicability that I have had to consider this question of allowing tax postponement for savings.

The implications of such a move are extremely far-reaching. It is difficult to know what volume of savings would be attracted by this immediate monetary incentive, but I am inclined to think it would be extremely substantial. Most people, I think, would feel that they could not readily forgo immediate dollar savings of quite substantial proportions in their annual income tax bill if the proposal were adopted. It should be remembered that the funds devoted towards the purchase of retirement annuities would not necessarily have to come out of additional savings, as is the case where employees have contributions deducted from current wages and salaries. In the case of the self-employed person, who generally will have some other capital assets, he could secure the tax saving by merely changing the form of his assets. He could, for example, sell stocks and use the proceeds as an instalment payment on a retirement annuity. Again, it is not easy to estimate to what extent there would be a transformation in the form of capital assets now held by the ordinary citizen. However, whatever the volume of this switching of assets, it would be significant, I think, that under our tax structure monetary incentives would be offered for Canadians to invest their savings in a direction where the persons utilizing them would invest them almost entirely in debt or fixed interest bearing securities. I am not sure that at this stage of Canada's development I would like to take the responsibility for directing the savings of the Canadian people away from equities into debt securities. To me this would be an ill-advised policy in a country where there is such an enormous demand for risk capital for the development of our country and where the opportunities for participating in the growth and development of our country are so important.

Now, Mr. Chairman, these are some of the reasons which have caused me to hesitate about accepting the representations which have been made to me on this question. As my hon. friend from Eglinton has pointed out, I do not regard myself as in a position to be dogmatic about the matter, but I do feel that the implications of allowing tax postponement which encourages savings in special directions are such as to warrant the most careful study. As I said at the outset of this statement, I have not felt that I wanted to take the responsibility for such a far-reaching move at this time.

Mr. Fleming: I am sure the house appreciates that the minister in his statement has been as comprehensive as he has in the review of the problem. However, I may say that I am disappointed in the attitude it indicates, because I had hoped the minister was more open-minded on the subject.

Mr. Abbott: I have not taken a final position but the difficulties, the inequities, still appal me.

Mr. Fleming: I did not say there were no problems attached to it, but the emphasis is laid on the problems and the minister minimizes the desirable objectives attached to it. The statement does leave me with some sense of disappointment and I wish to mention very briefly several of the points which the minister has made. I am not going to attempt a detailed refutation of all the points he has made—

Mr. Abbott: I put them forward for consideration, as my hon. friend will appreciate.

Mr. Fleming: Quite. In the first place, the minister has sought to distinguish the position of the employee because whatever is paid into the pension fund as his contribution does not come into his own hands in the form of income. I think that is not an accurate statement. It may well be that the money does not come into the hands of the employee and flow through those hands into the fund, but by arrangement with the employer the employee's pension contributions go directly from the employer into the pension fund. Surely that distinction is a matter of form only and not a matter of substance. There is no essential distinction in that regard between the case of an employee's contribution to a pension fund and that of a self-employed person.

Then there is the point made by the minister with regard to discrimination. I think, in the light of the discussion this afternoon, that I am just as allergic to any form of discrimination as the minister is, but, Mr. Chairman, if the principle is sound that the type of remedial legislation which I have been advocating should not be confined to members of bona fide associations or organizations, all right. Then let us have that wider recognition of the principle—but I do say that the principle is sound.

The reason this matter comes before the minister in the present form, namely a request on behalf of certain bona fide types of organizations, is that it was possible through such organizations to guarantee that there would not be abuses and to assure that the pension funds that would be established would be bona fide pension funds, that the contributions would be made into those funds and that the benefits would be such as were indicated by those responsible for the administration of the funds.

There is nothing unusual about that. That is part of the web and woof of the whole recognition in section 11 of the Income Tax Act of the pension fund; because it is not every pension fund existing today, even as between employer and employee, that is recognized for the purposes of section 11 by the minister. It is only those that are approved. This is not a question of discrimination at all. It was a question of guaranteeing the existence of such factors as will win the approval of the minister, just as you have provision made for approval by the minister under section 11(g) in the present act.

Let us consider further for just a moment the scope of the type of recognition that is being asked. It was proposed that it should be extended to bona fide agricultural, labour, business, industrial or professional associations or similar organizations. Let us take the case of a labour union today. If a labour union, within its own organization, decides to set up some form of pension or annuity scheme for its own members, their contributions thereto are not treated as exempt under section 11. Then let us take an agricultural organization. If a group of farmers in a bona fide organization decide to set up a pension plan, their personal contributions to that pension plan do not win any form of exemption under section 11 today. But the employee of an employer finds himself in a favoured position, notwithstanding what the minister had to say—which I think is a matter of form and by no means a matter of substance—because the contribution does not go into the hands of employees but goes direct from the employer into the pension fund. That is no basis of distinction in principle at all.

Mr. Abbott: My hon. friend wants to be fair. My real basis of distinction is why should one form of saving be singled out for tax postponement. That is the fundamental consideration.

Mr. Fleming: That is the basis upon which the minister started his statement. I took the key struck by the minister in the opening part of his statement. I think there is no basis of distinction between the pension fund created by employer and employee on the one hand and the pension fund created by bona fide organizations on the other.

The recognition given by the act today, which the minister has defended in its limited terms, is confined to this particular situation, employer-employee pension funds—and not even all of those because they still must meet certain yardsticks laid down by the department before it will give its approval.

I do not wish to use the word "discriminatory" as applied to the present legislation. It is a very limited form of recognition of a principle that I think the government ought to encourage, namely the provision by people for their needs in the case of retirement. It is a very sound form of security that uses fiscal methods that are open to the minister in the form of the income tax to encourage people to provide for their old age, the days when after retirement they cease to be earning an income for their own support.

Here is a method at hand, it seems to me, not on the basis of discrimination but on the basis of the extension of a provision that has been recognized today and is fully established within the scope of the Income Tax Act. So far as I know, nobody has questioned the principle involved in section 11(f) and (g). It has never been questioned. It is accepted by everybody. It is fully established. If that principle is sound—and I think every member of this committee would say it is sound—I think there is no adequate answer to the plea that that sound principle now ought to be more widely extended.

I wish therefore to urge it again. I hope that the minister will see more merit in the proposal and fewer difficulties than he indicated in his comprehensive statement today, and that very soon we shall see an effort made, which will take the form of an amendment to this section, to give the kind of encouragement I have spoken of to pension funds established by bona fide agricultural, labour, business, industrial or professional associations or similar organizations.

I read earlier an enumeration of certain organizations who were parties to the submission of the brief to the minister. I want to make it quite clear to the committee that

they did not ask it for themselves alone. They were not seeking any discriminatory advantage for themselves. They were simply putting before the minister a case for the recognition, within this principle to which I have referred, of all organizations within the type of bona fide organizations to which I have referred. Let there be no thought in the mind of any hon. member that these organizations were seeking some selfish or discriminatory advantage.

Mr. Chairman, I submit that the principle is sound and that it is worthy of extension. Many of these problems which the minister raised in his statement this afternoon it seems to me are capable of being dealt with by the application of the ingenuity that exists within the Department of Finance and the Department of National Revenue on the administrative side. They have overcome many other problems. This one is not free from difficulty, but I am convinced that, if there is a will here, a way will be found to overcome any administrative difficulties that the minister's statement may have conjured up.

Mr. Abbott: May I just add a word here. I made my statement today in the hope that it would be subjected to close critical analysis not only by members of the House of Commons but by members of the legal and accounting professions and those who are as interested in this question as I am. I hope that it will be given that kind of analysis.

Mr. Macdonnell (Greenwood): I just want to add a word. I am impressed by the difficulties outlined by the minister, but I share the feeling of the hon. member for Eglinton in the picture as he just presented it of this being purely a technical question by reason of the fact that the money did not go into the hands of the pensioners. That seems to me to be technical. The more substantial difficulty does seem to be that of distinguishing between the various kinds of funds.

The one point I wish to make is as to the reality of the problem. With the steeply graduated income tax we all know how difficult it is, even for people with substantial incomes, to save. When the minister spoke about the position of the class that we are talking about now, and mentioned their shares, their bonds and the difficulty of administration because of the changing about of those, may I say that after all that applies to only a small fraction of those we are talking about. We are really talking about people who, as things stand now, find it extremely difficult, as the hon. member for Eglinton has said, to provide for their security, but who would like to do it notwithstanding the fact that the difficulties are great. I take it from the minister that he is pursuing the inquiry and that it is going to be earnestly pursued.

Mr. Abbott: As my hon. friend knows they have a similar problem in the United States, because their system is somewhat similar, and they have not been able to solve it either. I have asked myself, if we are going to do that, why we should not allow the deduction of premiums on endowment policies and some of these other things. The thing is filled with complexity. I can assure the committee that it is far from one of those simple open and shut cases.

Mr. Fulton: I think we should all approach this matter in the spirit in which the minister has left it; that is, he has given us a statement on which he is going to welcome suggestions and analysis. Perhaps it is a little premature to be suggesting that we are offering a detailed consideration of the matter, because we have not had the opportunity of studying it. I should like to ask the minister whether he himself will not give more consideration to, and perhaps indeed a further elaboration of, the statement he made at the beginning or near the beginning of his presentation, that to extend the principle of tax postponement on payments into pension funds to those who are self-employed would be a new departure in principle.

I would ask him to consider that very carefully because it seems to me it is important to be clear as to whether it is in fact a departure in principle or merely an extension of an already established principle. The mere fact that money paid into a pension fund in the case of approved pension plans under an employer-employee arrangement is paid directly by the employer into the fund instead of going through the hands of the employee to me is not really a differentiation in principle from the case where a self-employed person receives the income and then pays into a pension or retirement fund which he is trying to set up for himself. The fact is, and I am sure the minister will not question this, nor anyone else, the portion of his wages which is paid on behalf of the employee into the pension fund is nevertheless wages.

Mr. Abbott: That is right.

Mr. Fulton: Surely no one would deny that it is wages; and if it were not for the provisions of section 11 it would be taxable income as wages or salary or earnings.

Well, now, in the case of a professional or a self-employed person—let us not confine it exclusively to the professions—a person who is carrying on a small contracting business is certainly not a professional man, but he is not very far removed from the status of an actual wage earner. He is in fact contributing to the development of the country, and he is providing employment for others. Yet just because he is self-employed, his payments into the pension plan or retirement plan which he is trying to build up for himself are not tax-postponed. I cannot see that there is any distinction in principle, because the moneys he pays into the fund form part of his general earnings at the beginning, and then are paid out by him. I cannot see any distinction in principle there from the fact that the moneys paid into an approved pension plan on behalf of the employee are in fact part of his wages, but instead of being paid by him are paid into the pension plan.

I think that is an important hurdle to overcome. That is why I think it is worth while doing some fairly close reasoning on it. I would ask the minister to do some more, because it seems to me if it could be agreed that this is not a departure in principle, as he suggests, but merely an extension of an already established principle, perhaps the first and most important hurdle would have been overcome.

As to one of the other difficulties raised by the minister himself, namely that to make this extension would perhaps open up very wide fields of conversion of savings into interest-bearing securities rather than into equity capital, I would ask the minister whether he does not think a practical solution and one not causing very great difficulty would be found by placing the same limitation on the amount that might be paid into self-employed persons' pension funds as I understand is now placed on the amount of employees' earnings; that is, a ceiling on the amount that may be paid into the pension fund and thus on which the tax is postponed. Surely the difficulty seen by the minister and stated there would be very real if there were no limitation on the ceiling, so that all savings might eventually be channelled into a new form of investment. But if you placed a ceiling on it—and I believe all the plans that have been suggested do envisage a ceiling—it seems to me it cuts down that difficulty very considerably.

May I just add a word on that one point. It does seem to me hardly a valid objection for the minister to raise that difficulty in the way of making a tax exemption for payments into pension funds by self-employed persons, when in fact he does not appear to view with alarm the present situation with respect to the investment of pension plan funds which are established for employees. In other words, the point I am trying to make is that the pension funds established under an employer-employee relation on which there is a tax exemption are invested now, as I understand it—certainly a great majority of them are—in interest-bearing securities. I should doubt very much whether any one of these approved plans would be open to investment in equity capital or common stocks. If the minister is prepared to contemplate that form of investment in interest-bearing securities, then why is he so horrified at the idea that this type of pension plan might also have its funds invested in non-equity capital? It seems that what is fair for one is fair for the other, and the difficulty is greatly diminished when you realize and place on the new proposal the same relative ceiling that now applies to the old one.

I want to express realization of the fact that there are difficulties, and that no one can ask the minister to make any sudden or snap decision. It is obvious that the matter has been considered by him most carefully for some time. Perhaps, however, one might be permitted to express here the hope that, as the minister himself has indicated, he may not be occupying the position he now holds for very much longer—

Mr. Abbott: A little new blood would do no harm.

Mr. Fulton: —he too will be concerned about leaving for himself a lasting monument in the affections of the Canadian people by taking at least one forward step along the lines that we are now urging.

Mr. Abbott: I thank my hon. friend for his generous reference. I do not think I shall attempt to discuss this admittedly very difficult problem any further today. He has raised one or two very relevant points. If such a plan as he was discussing were to be introduced it would be necessary to impose a ceiling. I think what has been asked is double the present ceiling, because the self-employed would be providing not only his own contribution but the employer's contribution as well.

With respect to the question of trustee funds, I am told that in the United States some of them are now deciding to invest the pension funds in equities. There are all these factors; but the problem which has caused me the great difficulty is what particular type of savings we would single out for this tax

postponement. I tried to make clear in my statement that the discrimination against the self-saver is not as great as it might appear to be on the surface. I hope we shall have a further discussion about this at some other time. The purpose of my statement was to put forward certain considerations which I believe are very relevant to this matter, and that they should be subject to careful and serious critical analysis.

Mr. Macdonnell (Greenwood): As a matter of interest, are approved pension funds now required to be invested in trustees' security?

Mr. Abbott: If they are trustee plans I am told that is the case, yes.

Mr. White (Middlesex East): I do not know whether this is the exact time and place that I should ask this question, but on the budget debate I pointed out that there were a number of concerns and firms that were adopting profit-sharing plans, and the problem arises of deferring the payments to employees for some considerable time. To encourage some firms to introduce this type of plan some suggestions were made to the minister. Will he comment at this time?

Mr. Abbott: Those plans, as I recall it, are not plans where there is any pension element at all. It is merely, as my hon. friend said, profit sharing. But the shareholder does not get profits in cash. They are accumulated to his credit on the books of the company. Under those circumstances we have never given tax postponement for deferred profit sharing. I think that would be a real departure in principle which it would be difficult to justify in respect of other taxpayers. The plans are probably very desirable plans. But, whatever they may be, we do not feel we could justify recommending taxation postponement in connection with them. The immediate sharing of profits is not paid out in cash, but it is paid out at a later date.

Section agreed to.

Section 4 agreed to.

On section 5—*Amount received by broker to be included.*

Mr. Abbott: I have some amendments. Perhaps before moving them I might give a brief explanation, unless some other hon. members would wish to speak first.

The actual form of the amendment is somewhat technical because two or three sections are involved, but what the section in the bill intended to accomplish was this: As the committee knows, brokers carry stocks in street names, and receive dividends on those stocks. They do not know at the time to whom the dividends belong. They set them up in their books as liabilities. The section as contained in the act provided that they would have to pay tax on the dividends in the future, and the right to claim deduction—

Mr. Macdonnell (Greenwood): What has happened in the past in this connection?

Mr. Abbott: I am told that in the past they have just been carried on the books, and in some cases have been taken into the incomes of the firms. The original proposal was that in future these dividends would have to be taken into the firms' incomes and be subject to tax, but that when paid out to the real or actual owners, deductions could be claimed.

We have now received representations from some of the leading members of the profession, and from officers of the stock exchange, in which they tell us that, in fact and in law, they do not consider these funds to be their funds. They carry them on their books as a type of trust fund, but they do not consider that they can ever go into their accounts as income to the firms or to the brokers.

They have been informed by their legal advisers that there is no statute of limitations applying with respect to these receipts, and that there is always a claim there. Under those circumstances the proposed amendments will provide that they will take the full amounts standing on their books as being income held for undisclosed principals. They will deduct 25 per cent as a withholding tax at the source. Then they will continue to hold the moneys to their credit in the books. When an undisclosed principal comes forward, if he ever does, and claims a payment of dividends accruing to his credit, he gets them and he takes credit for the 25 per cent which has been withheld at the source. And if by any chance his effective rate of tax were less than 25 per cent he would get a refund.

That is the plan being substituted for what is contained in the bill now before the committee. It seems to me that it meets the position taken by the recipients of these dividends, that they have never belonged to them. On the other hand it is clear that they are income belonging to someone. So it has seemed reasonable to provide for a withholding tax of 25 per cent, which the real owner can claim as a credit if and when he gets the dividends.

That is the way in which it will operate. As I say, that withholding tax will not be exigible until the 1954 period. And, if one may use a slang expression, if it should

develop that there are some bugs in this thing which we do not now see, there will be ample opportunity to correct the inequality. But the essential thing we are trying to do is to be fair in these matters, but at the same time to get a tax on what admittedly is income subject to tax.

That is the purpose. I have a number of amendments to move but, before doing so, I would be prepared to listen to any questions hon. members may have to ask.

Mr. Fleming: May I suggest it might be better if we could see the amendments before we attempt to ask questions. The changes involved in the amendments, as outlined by the minister, will have to be considered carefully. It is now two minutes to five and, as no doubt we will proceed with the discussion of public and private bills at five o'clock, perhaps the minister would be prepared to let this section stand until this evening, so we could examine the amendments in the meantime.

Mr. Abbott: I think that is an excellent suggestion. I shall ask one of my colleagues to move the three amendments. The first of these is that section 5 of Bill 228, to amend the Income Tax Act, be deleted. That is the section we now have under consideration.

Then the second amendment is that sections 6 to 19 inclusive be renumbered as sections 5 to 18, respectively. That is purely a clerical change.

Then the substantive amendment is as follows:

That the following clause be inserted as clause 19 thereof.

"19. (1) Section 44 of the said act is amended by adding the following subsections thereto:

'(4) Where an amount has been received by a broker or dealer in securities in the period of twelve months immediately preceding a taxation year as or in respect of dividends or shares the beneficial ownership of which is unknown to him at the end of the taxation year, the broker or dealer shall remit an amount equal to 25 per cent thereof to the Receiver General of Canada at such time as may be prescribed on account of the beneficial owner's tax under this part or part II for the taxation year in which the dividend was received by the broker or dealer.

(5) Where an amount has been remitted to the Receiver General under subsection (4), it shall for all the purposes of this act be deemed,

(a) to have been received by the beneficial owner of the dividends, and

(b) to have been deducted or withheld from such amount as would otherwise be payable by the broker or dealer to the beneficial owner in respect of the dividends.'

(2) This section is applicable to the 1954 and subsequent taxation years.

(3) Where an amount has been received by a broker or dealer in securities in the 1952 or a previous taxation year as or in respect of dividends on shares the beneficial ownership of which is unknown to him at the end of the 1954 taxation year, that amount shall, for the purposes of section 44 of the Income Tax Act as amended by this section, be deemed to have been received by him in the period of twelve months immediately preceding the 1954 taxation year."

I shall ask one of my colleagues to move these amendments. At the same time I would ask him to move the corresponding amendments to comply with part II of the bill, the sections covering the revised statutes.

Mr. Fournier (Hull): I move accordingly. I also move:

That the following clause be added to the bill as clause 64 thereof:

"64. (1) Section 47 of the said act is amended by adding the following subsections thereto:

'(4) Where an amount has been received by a broker or dealer in securities in the period of twelve months immediately preceding a taxation year as or in respect of dividends or shares the beneficial ownership of which is unknown to him at the end of the taxation year, the broker or dealer shall remit an amount equal to 25 per cent thereof to the Receiver General of Canada at such time as may be prescribed on account of the beneficial owner's tax under this part or part III for the taxation year in which the dividend was received by the broker or dealer.

(5) Where an amount has been remitted to the receiver general under subsection (4), it shall for all purposes of this act be deemed,

(a) to have been received by the beneficial owner of the dividends, and

(b) to have been deducted or withheld from such amount as would otherwise be payable by the broker or dealer to the beneficial owner in respect of the dividends.'

(2) This section is applicable to the 1954 and subsequent taxation years.

(3) Where an amount has been received by a broker or dealer in securities in the 1952 or a previous taxation year as or in respect of dividends on shares the beneficial ownership of which is unknown to him at the end of the 1954 taxation year, that amount shall, for the purposes of section 47 of the Income Tax Act as amended by this section, be deemed to have been received by him in the period of twelve months immediately preceding the 1954 taxation year".

The Chairman: It being five o'clock, we shall proceed to the consideration of public and private bills.

PRIVATE BILLS

SECOND READINGS—SENATE BILLS

Bill No. 317, for the relief of Joyce Elizabeth Purves Jones.—Mr. Winkler.

Bill No. 318, for the relief of Marjorie Euretta Adams Mattinson.—Mr. Winkler.

Bill No. 319, for the relief of Myrtle Norma Epps Stewart.—Mr. Winkler.

Bill No. 320, for the relief of Joseph Alexandre Hyppolit McLish.—Mr. Winkler.

Private Bills

Bill No. 321, for the relief of Taschereau Pierre Charles Joseph Rodier.—Mr. Winkler.

Bill No. 322, for the relief of Berniece Gertrude Doran.—Mr. Winkler.

Bill No. 323, for the relief of Florence Mildred Fine Crelinsten.—Mr. Winkler.

Bill No. 324, for the relief of Gerard Richer.—Mr. Winkler.

Bill No. 325, for the relief of Thomas John Rivet.—Mr. Winkler.

Bill No. 326, for the relief of Dorina Perelroizen Wallerstein, otherwise known as Dorina Perlraizen Wallerstein.—Mr. Winkler.

Bill No. 327, for the relief of Gabriele Laure Josephine Girard Steinbach.—Mr. Winkler.

Bill No. 328, for the relief of Reine Cesarine Berthe Laborgne Deyglun.—Mr. Winkler.

MID-CONTINENT PIPELINES LIMITED

The house resumed, from Tuesday, April 7, consideration in committee of Bill No. 189, to incorporate Mid-Continent Pipelines Limited—Mr. Larson—Mr. Robinson in the chair.

Sections 1 to 5 inclusive agreed to.

On section 6—*Power to construct and operate pipe lines.*

Mr. Green: Mr. Chairman, would you read the amendments which were made to this section in the standing committee on railways, canals and telegraph lines?

The Deputy Chairman: In line 14 the words "or outside" have been deleted; in line 19 the words "and/or international" have been deleted; in line 26 the word "all" has been added after "that" and the words "the main" and "line or" have been deleted.

Mr. Fulton: Is the effect of the amendments to the section such as to require the construction of the whole line within Canada?

The Deputy Chairman: I am afraid I cannot give an opinion on that. The most I can do for the hon. member would be to read the section as amended.

Mr. Green: I do not think there is any need to do that. I moved these amendments in the committee and they were accepted. The purpose was to provide that all the pipe lines installed by this company would be entirely within Canada.

Amendments agreed to.

Section as amended agreed to.

[The Chairman.]

Sections 7 to 11 inclusive agreed to.

Bill reported.

Mr. Bater (for Mr. Larson) moved the third reading of the bill.

Mr. Fulton: By leave.

Motion agreed to and bill read the third time and passed.

CANADA ELECTIONS ACT

AMENDMENT REGARDING POLL CLERKS AND ADVANCE POLLS

The house resumed, from Friday, March 27, consideration of the motion of Mr. Adamson, for the second reading of Bill No. 224, to amend the Canada Elections Act.

Mr. Adamson: The Minister of Citizenship and Immigration (Mr. Harris) moved the adjournment of the debate. I do not know whether he wishes to proceed, and I am entirely in his hands. Otherwise I am perfectly willing to have this stand.

Mr. Harris: On a point of order, I would prefer to let the matter stand.

Mr. Speaker: Stands.

The business under private and public bills having been exhausted, the house will continue with the business which was interrupted at five o'clock.

INCOME TAX ACT

The house resumed consideration in committee of Bill No. 228, to amend the Income Tax Act—Mr. Abbott—Mr. Robinson in the chair.

On section 5—*Amount received by broker to be included.*

Mr. Macdonnell (Greenwood): May I remind the minister of the arrangement whereby section 5 was to stand until eight o'clock.

Mr. Abbott: That was our arrangement to enable the committee to study the amendment.

Section stands.

On section 6—*Interest on bonds.*

Mr. Fleming: I am aware of the difficulty which necessitated this section, and I am not going to quarrel with the method of solving the problem presented by the purchase of securities in the middle of the interest period, as proposed by the new section 19A. However, a question does arise with respect to subsection 2, which provides that the new section is applicable to the 1952 and subsequent taxation years. It is to be made

retroactive, in other words, for only one year, and that creates the problem.

It seems to me that the retroactive provision should not be limited to the year 1952, because there are others in years prior to 1952 who have undoubtedly consistently filed and reported their income by including accruals on sales and deducting accruals on purchases of interest-bearing securities. I would submit to the minister for that reason that the retroactive effect of this remedial legislation should not be confined to the year 1952 but should be extended further back. In other cases in the bill we have retroactive provisions extending back even to the year 1946, so I do not think there is any problem at all in the way of extending the retroactive operation of the new remedial section 19A to an earlier year.

Mr. Abbott: In point of fact it was not possible to introduce this provision prior to 1952, and it did not affect anybody on an accrual basis. I am informed that by making it applicable to the 1952 period, which is last year, it will cover all proper cases.

Mr. Fleming: What the minister has said may offer a practical solution to the problem. Can we have the assurance that no attempt will be made to go back of the year 1952 in order to assess income in the form of accruals of interest on the basis on which they have been in process of being assessed within the past few months in the light of a certain decision, against the effect of which the new section 19A is devised?

Mr. Abbott: I am informed that the problem will not arise in practice, that up to 1951 that was the way it was handled.

Mr. Fleming: In other words we have the assurance that if we pass the legislation in the present form there will be no attempt to apply to 1951 and earlier years the effect of the decision against which this new section is intended to relieve the taxpayer.

Mr. Abbott: That is my understanding. It is to ensure continuity.

Section agreed to.

Section 7 agreed to.

On section 8—*Dependent children.*

Mr. Knowles: Clause 8 is one that we all welcome. It provides that the exemption for a child attending a school or university shall continue even when the child is over the age of 21 years. When we were on clause 1 of the bill the minister indicated that he was making the provisions of that clause retroactive because in his view an inequity had been suffered. May I ask why that same principle is not applied to this clause? Some of us feel that parents have suffered an inequity for a number of years because they have not been allowed this exemption where the children concerned were over the age of 21 years. Why is it that an inequity in one place is taken care of by retroactive legislation but not in another?

Mr. Abbott: This is a new provision. It is being put in the act as a new provision. We are making progress in this case. In the other case to which my hon. friend refers, that provision was made because the people who incurred the liability were really misled. Nobody was misled about this provision. I am personally affected. If it were made retroactive I would get an extra $400 exemption last year, but I am not going to make it retroactive. It starts with the current year.

Mr. Browne (St. John's West): During the discussion at the resolution stage a question was raised with the parliamentary assistant with respect to whether there are any regulations defining what attendance at a school or university is going to mean. There are some cases where the person is attending a conservatory of music and he is not there all day long because he has to spend most of his time practising.

Mr. Abbott: It will be a matter for the courts to determine if there is a difference of opinion between the taxpayer and the taxing authorities. I would not attempt to interpret it. It is intended to have a very broad application, but the person must be in full-time attendance at a school or university.

Section agreed to.

On section 9—*Medical expenses.*

Mr. Knowles: Assuming that it is not possible to persuade the minister to make a further change in this matter at the present time, I rise to serve notice on him, or whoever may be minister of finance when he lays down that portfolio, that I for one intend to keep up the effort to get the floor under medical expenses allowed as deductions for income tax purposes wiped out altogether. Naturally we welcome the change that is being made in that the floor is being reduced from 4 per cent to 3 per cent. We welcome that change even as we welcomed the change back in 1944 when Mr. Ilsley saw fit to reduce the floor from the original 5 per cent to 4 per cent after considerable agitation on the floor of the House of Commons.

I still find it impossible to follow the argument of the Minister of Finance that there is anything sacred about what he calls the average of medical expenses, as though that average should provide a floor of this kind. When a Canadian taxpayer is hit with medical expenses—and when these expenses hit they

are usually quite substantial—it is no consolation to him to be told that the extra bills with which he is confronted are just the average, up to 3 per cent of his income. The plain fact of the matter is that when such expenses hit, particularly when they come unexpectedly, the average Canadian is not in a position to meet them. I think it is pretty generally held that it would be only fair to wipe out the floor altogether and grant medical expenses right from the first dollar as deductible for income tax purposes.

I should throw in the qualifying sentence that I do not disagree with the ceiling the minister has placed on this exemption, even as he has a ceiling on charitable donations, but to me there is no justification whatsoever for the present floor. I did not happen to be here at the time the budget debate was in process. It was unfortunate; but it so happened that because I was not able to be here, because I was back home, I was able to get right away the reaction of the man in the street to the budget as a whole and to its various items. I can tell the minister that there was a great deal of disappointment on the part of ordinary Canadians that he only reduced the floor from 4 per cent to 3 per cent instead of wiping it out altogether.

Canadians have not forgotten the fact that a year ago the House of Commons supported a motion which went as far as a private member's motion could go in asking that consideration be given to the complete removal of the floor, and that the minister did not see fit to remove it.

Mr. Abbott: Because the minister allowed that motion to be put to the house.

Mr. Knowles: We have been over that.

Mr. Abbott: He will not make that mistake again, I can assure you. It has been misrepresented ever since.

Mr. Knowles: The minister must have known what he was doing when he allowed his parliamentary assistant to speak in favour of that motion.

Mr. Abbott: Of course he knew what he was doing.

Mr. Knowles: I submit the newspapers of the country were not all wrong in the view they took as a result of the decision on that occasion. At any rate, even if the minister thinks he made a mistake, he helped to bring about the realization on the part of the Canadian people that here was a reform that was needed; here was an injustice that should be removed; and I am quite satisfied that it is held far and wide throughout Canada that there should be no floor of this kind at all. Our efforts across the years have paid dividends to some extent in that we have had this floor reduced, first from 5 per cent to 4 per cent, and now from 4 per cent to 3 per cent. I can tell the minister that we shall keep up our efforts. I hope that in another year it will be wiped out altogether, and that it will be recognized that medical expenses right from the first dollar up to the ceiling set under the act should be allowed as deductible for income tax purposes.

Mr. Browne (St. John's West): I would like to ask the minister how this works out. Does it apply at all to 1952, where medical expenses were incurred in 1952 but not paid until 1953?

Mr. Abbott: It is on a paid basis. Subsection 3 points out that fact. The 3 per cent floor applies to the 1953 tax year; and if the expense is paid in 1953, whenever it was incurred, if it is in excess of 3 per cent it is allowable. The taxpayer can select a 12-month period which ends in 1953 in which to apply the 3 per cent floor.

Section agreed to.

On section 10—*Dividends received by a corporation.*

Mr. Macdonnell (Greenwood): Will the minister give a little addition to the rather brief explanation here?

Mr. Abbott: This is a very technical amendment. The committee may recall that two or three years ago when we introduced the system of permitting 15 per cent tax to be paid on undistributed surpluses, we put in what might be colloquially described as a block. We did not allow surpluses in controlled companies to be gotten out through reorganization in a way that would in fact provide an evasion of the intention of the act. The block was a pretty rigid one, and it was found that in a certain number of cases a perfectly legitimate reorganization of the corporate structure between parent and subsidiary was prevented by this rigid block.

This section has been worked out by the officials of my department after a study of circumstances in particular cases in order to remove those inequities. I have been assured, and I am satisfied myself, that it does remove the discrimination which existed with respect to those particular concerns of which there are a fairly limited number.

The section is self-explanatory, and it provides that under the circumstances set out a corporation may deduct from income all dividends received from a controlled subsidiary corporation.

Section agreed to.

Section 11 agreed to.

On section 12—*Payments out of pension fund.*

Mr. Knowles: This is the clause on which the minister was going to give the explanation of the provision he has made for Canadian National Railways pension refunds.

Mr. Abbott: The provision would apply, of course, to any similar circumstances. As will be seen from the section, the words which have been added provide for cases where a payment is received by a pensioner by virtue of an amendment to the plan, although he continues to be an employee to which the plan is applicable; and that was the case with respect to the Canadian National Railways refunds. As a result of an amendment to the plan an employee may have received a fairly substantial lump sum payment. In the absence of this provision that lump sum payment would be taxable in its entirety in the year received and it would be taxed at the taxpayer's very highest bracket.

Mr. Knowles: The minister might have explained that these lump sum payments are simply refunds in view of a change in the plan.

Mr. Abbott: I should have explained that they come as a result of a change in the plan. The provision which is made here is that they will be treated as lump sum payments and will be taxed only at the average tax rate for the three preceding years. They will have the option of being taxed as a lump sum payment at the average rate applicable during the three years preceding receipt of the payment. In effect it is the same as any other lump sum payment. My information is that this is considered to be satisfactory by the employees who are affected. I think it provides a happy solution to what admittedly would have been an inequity if it had been allowed to stand.

Mr. Gillis: Has any consideration been given to the position of the widow of a serviceman who may happen to pass away while in the permanent service owing to a condition that was not pensionable? The minister may remember that I took the matter up on several occasions, and I cited a case in point where a young man had served for ten years, contributed to the superannuation fund and then passed away due to a heart condition. The widow was not pensionable, and she was too young for the veterans' allowance. When the refund of the man's superannuation contributions was made to the widow the income tax department took $600 away from her out of that money.

Has any consideration been given to amending the act to meet such a case? I think that superannuation payment to the widow should have been made without any tax. I was just wondering whether the minister's department has ever given any consideration to removing what I consider to be a pretty rank piece of injustice.

Mr. Abbott: I would have to have a look at the facts. Was this a service pension or was it a payment out of the civil service superannuation fund?

Mr. Gillis: It was a service pension.

Mr. Abbott: Not a disability pension but a service pension?

Mr. Gillis: That is right.

Mr. Abbott: I am told that would be covered by the armed services regulations, and I am afraid that at the moment I am not familiar with what they are.

Mr. Gillis: It certainly is not covered by the armed services regulations because when we went over K. R. (Can.) a couple of years ago and amended it I raised the matter in the committee. The military people said they knew nothing about it, and that it had been turned back as a problem for the income tax department. They informed us that the Income Tax Act provided that the amount was deductible, and that any amendment to remove the injustice would have to be made by the income tax department.

Mr. Abbott: I will have to look into the case and I am afraid that I could not give an answer offhand. It sounds as though it should be looked into.

Mr. Green: May I ask the minister whether this provision for refunds under pension plans applies to refunds made last year, or does it apply only to those made in 1953?

Mr. Abbott: This would apply to 1952 and subsequent years. I do not think the particular case which arose with the C.N.R. pension fund has arisen before. I do not recall that it did, anyway.

Mr. Knowles: That plan was amended as of January 1, 1952.

Mr. Green: As I understand it, at least in some cases the refunds were payable in the calendar year 1952.

Mr. Abbott: Then the section applies.

Mr. Green: They will get the advantage of this amendment?

Mr. Abbott: Subsection 3 makes that provision.

Section agreed to.

On section 13—*Credit for dividends.*

Mr. Abbott: I have an amendment here.

Mr. Knowles: It had better be good.

Mr. Abbott: This is to remove any possible doubt that in the unusual case of the dividend credit being sufficient to offset the complete tax liability, in other words if all the income of the taxpayer is from dividends received from a taxable Canadian corporation, nevertheless the tax payable under the Old Age Security Act, not under the Income Tax Act, will not be affected. I must say that I do not think it would be and it would be payable anyway; however, this is a legal opinion. I would therefore ask one of my colleagues to move:

That Bill No. 228, an act to amend the Income Tax Act, be amended

(a) by deleting lines 35 and 36 on page 8 thereof and substituting the following therefor:

"(2) The said section 35 is further amended by adding the following subsections thereto:"; and

(b) by inserting immediately after line 42 on page 8 thereof the following:

"(4) Notwithstanding subsection (4) of section 10 of the Old Age Security Act, the amount deductible under this section shall be computed as though that subsection had not been enacted.

This doubt could be covered either here in the Income Tax Act or by inserting a provision in the Old Age Security Act; but since we were dealing with the Income Tax Act, it seemed appropriate to put it here.

Mr. Adamson: Do you want to move that amendment now?

Mr. Abbott: Will my colleague the Minister of Public Works make the motion?

Mr. Fournier (Hull): I so move.

Mr. Abbott: If I might be permitted to do so, at the same time I should like to include the corresponding amendment in part II, the revised statutes section.

The Chairman: Is it agreed?

Some hon. Members: Agreed.

The Chairman: It is moved by the Minister of Public Works (Mr. Fournier):

That the said bill be further amended

(a) by deleting lines 1 and 2 on page 41 thereof and substituting the following therefor:

"(2) The said section 38 is further amended by adding the following subsections thereto;" and

(b) by inserting immediately after line 8 on page 41 thereof the following:

"(4) Notwithstanding subsection (4) of section 10 of the Old Age Security Act, the amount deductible under this section shall be computed as though that subsection had not been enacted.

[Mr. Green.]

Mr. Adamson: Mr. Chairman, I gather the purport of this amendment is that, irrespective of what may happen, no taxpayer can escape the payment of the old age security tax.

Mr. Abbott: That is correct.

Mr. Adamson: This provision, Mr. Chairman, is having some peculiar effects. One of the effects is with regard to municipal financing. It is now adding—and in my opinion will add more in the future—considerably to the difficulties of municipal financing. The system of municipal financing through self-liquidating debentures, particularly in the central provinces and certainly in Ontario, is the usual method of financing what is known as serviced land, schools and the other services in a municipality.

These bonds or debentures have been and are considered by individuals and corporations as a fairly prime security. I do not know the recent history of defaults but, so far as I know, there have been no serious defaults on this type of debenture since the days of the depression; and as to all the municipalities which defaulted or went into receivership I think the bondholders were paid 100 cents on the dollar and at least the major part of the interest. This type of debenture therefore has a high rating. It is sought after not only by large corporations but by a great number of moderate investors; I refer to the $5,000 to $10,000 income class, the investor who has an income tax liability in the nature of 15 to 30 per cent.

Since this tax allowance or tax credit on dividends derived from equities, the bond yield or the debenture yield must be a great deal higher in order to bring it into line with the net yield received by the taxpayer after this credit is granted. I should like to give two examples. In order to get an equal return, shall we say, from a common stock yielding 5 per cent, a taxpayer in the 40 per cent tax bracket would have to buy a bond yielding 6⅔ per cent; and a taxpayer in the 15 per cent tax liability bracket, in order to obtain an equal yield, would have to buy a bond yielding him 5.88 per cent. In other words, in order to float municipal securities to do the important job of providing serviced land, the yield of these municipal debentures will have to be appreciably increased in order to bring them into line with the yields on common or preferred stocks.

In my opinion this is going to mean a great hardship on many municipalities. For instance, the city of Toronto put out a $12 million issue at 4 per cent. The bonds were

a bit sticky at one time but I understand they are going a little bit better now. With this provision it is going to be extremely difficult to issue a municipal debenture and make it attractive to the private investor at anything like 4 per cent; because at a rate of 4 per cent on a municipal debenture, the private investor is going to receive only about 55 per cent of the yield he would receive on a common stock yielding 5 per cent.

That means that in order to provide the schools, the serviced land and the other essentials for building, the municipalities are faced with one of two alternatives. They can force the home owner—the man who has difficulty enough now—to make a capital payment which will cover the cost of serviced land and schools before they allow him to build his house, a procedure which will considerably add to the capital cost of building his house; or the municipalities will have to increase the rate of taxation because of the increased costs of financing. This will affect the home owner because the debenture debt and the tax rate of the municipality will go up.

These are results of this clause in the bill. Instead of making municipal financing easier, we are going to find that the municipal type of security is going to become less and less attractive to the ordinary investor. You are also going to find that municipalities will have to raise money—and believe me, Mr. Chairman, the demand for money by the municipalities is tremendous—in order to create the services that are so desperately needed because of the growth of the country. If the municipalities are going to be able to raise money, there should be in this income tax bill somewhere some clause by which municipal securities are granted some form of tax relief. The new metropolitan district of Toronto needs $30 million at once for new schools. This is an example of the size of the financing involved.

I realize all the arguments against the tax-free bond. I realize that it is an anathema to what is known as sound finance; but, Mr. Chairman, I must point out that the tax-free bond for municipal purposes is the usual method by which municipalities finance themselves in the United States, and as far as I have been able to discover it has brought about no serious problem in that country.

I am not at this moment suggesting that we should adopt the method of financing through the issuance of low interest tax-free bonds, because in my opinion it will require more study; but I do say that this clause in the Income Tax Act is going to make municipal securities extremely unattractive to the average investor; and it is going to put the municipalities into the hands of the large corporations who are by law, by prudence or by policy forced to buy this type of government bond or municipal security. I feel that before very long the acute problem of providing serviced land, schools and so on, is going to be even more acute and even more difficult as a result of this policy and this clause giving tax credits for dividends from equities.

Mr. Abbott: My only comment would be this. I take it my hon. friend is not against this provision. It is encouraging equity investment, and that perhaps will have some effect on the interest rates on fixed interest-bearing securities.

Mr. Adamson: I would not say I am against it. My objection to it in this case is that it is going to make municipal financing extremely difficult, and in my opinion it is going to add very greatly to the burden the small home owner will have to carry. The owner of a residence will have to pay first of all either through the down payment on his home or, if the municipality itself raises the money, through the tax rate, because the cost of money to the municipality can do nothing but go up owing to this clause.

Mr. Abbott: I suppose the same provision must exist in the United Kingdom, because they have a tax credit; they have always eliminated double taxation on business profits in the United Kingdom.

Mr. Adamson: They have an entirely different system of financing housing.

Mr. Abbott: It is more generous than this is.

Mr. Adamson: It is quite different.

Mr. Knowles: Naturally we welcome this change. Perhaps that is too strong a word to use for this small amendment which the minister has moved to clause 13. However, we shall support the amendment; but even after it has been accepted by the committee I want to make clear that we are still strongly opposed to section 13 of this bill and to what it does.

May I make clear, as I see it, what this amendment does in terms of the example which my leader, the hon. member for Rosetown-Biggar, gave to the house on February 24. He indicated at that time, and the Minister of Finance was present and seemed to accept the figures as having been worked out properly, that a married tax-

payer receiving $9,760 in income derived from dividends of Canadian corporations—

Mr. Abbott: Taxpaying corporations.

Mr. Knowles:—of taxable Canadian corporations, would by virtue of this 20 per cent credit against tax—not deductibility for income tax purposes, but by virtue of this credit of 20 per cent against actual tax—be relieved of paying his entire income tax which he otherwise would have to pay. My leader pointed out that the total tax which he would have had to pay on $9,760 income but for this relief would have been $1,952. As my leader pointed out, that is what this budget was doing, giving to this particular class of taxpayer a tremendous exemption, namely tax relief to the extent of $1,952.

All that this amendment which is now before us does is to make sure that that particular taxpayer will pay $60. He will still save $1,892, which he would pay otherwise but for this provision. Therefore, Mr. Chairman, though we accept the amendment for the slight change it makes, in that this taxpayer will pay $60, because in such a case he is still relieved of $1,892 we are opposed to the clause even though it is amended.

Mr. Quelch: We welcome the amendment which assures that all taxpayers will at least pay the $60 of old age security. I was interested in the remarks of the hon. member for York West. He took the stand that this would have the effect of making municipal financing more difficult. He may have a point there. The logical solution therefore would be to do away with section 13. That would be the best way to make sure that it would not have that effect upon municipal financing. Personally I do not like section 13. I am a strong believer in taxation based firmly upon ability to pay. I think that is the basis—

Mr. Abbott: Not double taxation.

Mr. Quelch: So far as the individual is concerned he is paying the one tax. It is a debatable point whether or not it is double taxation.

Mr. Abbott: Tell your Labour friends that in Great Britain.

Mr. Quelch: In the final analysis the consumer pays the tax of the corporation, not the investor. I cannot see any justification for allowing anybody in this country to get away from paying income tax. In this case where a man has invested in a corporation's stocks the income from which is taxable in the hands of the corporation, he is now allowed an exemption of 20 per cent of the dividends he receives on his investment. I cannot see any justification for such legislation being on the statute books.

Mr. Abbott: My hon. friend did not voice similar views when I started this program.

Mr. Quelch: There may be a point in that, but this is twice as bad.

Mr. Abbott: The principal is the same. We have not gone as far yet as the British have gone.

Mr. Quelch: We all realize that perhaps there is some desirability of encouraging risk capital, but to go up to 20 per cent does not seem right to me. Maybe the minister will suggest 30 per cent next year. Some members have said that this is an election budget. It can only be an election budget so far as these people are concerned, and the result may be that they will be willing to donate handsomely to election funds. That is the only effect it could have so far as I am concerned. It is certainly not an election budget so far as the ordinary individual is concerned.

Mr. Abbott: I did not call it an election budget; I said it was an honest budget.

Mr. Quelch: An honest budget?

Mr. Abbott: Yes.

Mr. Knowles: Do those terms mean something different?

Mr. Quelch: Does the minister not consider that this is a change in the principle of taxation on the basis of ability to pay?

Mr. Abbott: No, not at all. I made perfectly clear when I introduced this measure in the first place that I was following the same principle that was followed under the British income tax act, on which our act is based, in an endeavour to eliminate double taxation of the same profits. That is all I am doing. I said at that time that I hoped when circumstances permitted it would be possible to extend that principle, and I have done it. I have done what I said I would do.

Amendment agreed to.

The Chairman: Is the section as amended agreed to?

Mr. Knowles: On division.

Section as amended agreed to.

Section 14 agreed to.

On section 15—*Deduction from corporation tax.*

Mr. Macdonnell (Greenwood): Will the minister say a word concerning the explanatory note which says:

That the deduction from tax equal to 5 per cent of the taxable income of corporations earned in a prescribed province be increased to 7 per cent of

taxable income earned in the province on or after January 1, 1953, by corporations that are not subject to certain special provincial taxes.

Mr. Abbott: I shall be glad to do that. This section will apply to the extent of the full 7 per cent only to ordinary corporations which are taxed in the province to the extent of 7 per cent of their profits earned in that province.

The committee may recall that last year when we incorporated into our own Income Tax Act the 5 per cent tax we had required the provinces to impose, and to be credited against the provinces—that is, those provinces that had tax rental agreements—I said the effect of doing that would not be to increase the tax on corporations in the non-agreeing provinces. In fact, in some provinces certain types of corporations are taxed on some other basis. In the case of railway companies, they are taxed so much per mile, and in the case of certain other companies the bases are different. That is in lieu of the profits tax.

In the light of the statement I made in my budget speech I recommended that we maintain the status quo for certain companies by continuing to allow the 5 per cent tax credit.

In extending the provision to 7 per cent I shall have limited that added benefit to corporations which are in fact being taxed to the extent of 7 per cent in those provinces on profits earned in the provinces. In other words I will not give an added benefit of 2 per cent to corporations which are not in fact paying that tax.

Mr. Macdonnell (Greenwood): In connection with the expression "by corporations that are not subject to certain special provincial taxes," to what does that refer?

Mr. Abbott: The ones to which I have alluded, the railway companies, telegraph companies and so on.

Mr. Macdonnell (Greenwood): The minister made the educational tax in Quebec deductible.

Mr. Abbott: That has nothing to do with this at all. They are taxes which are deductible as expenses.

Mr. Macdonnell (Greenwood): I understand that it has nothing to do with this. The educational taxes are not deducted from their tax, but they are deductible from the taxable income.

Mr. Abbott: Yes, they are deductible from the taxable income. In practice about 49 per cent would be at the expense of federal revenue, and the other 51 per cent would be an added tax by the province.

Section agreed to.

On section 16—*Foreign tax.*

Mr. Browne (St. John's West): What is meant in the explanatory note where it says:

The new subsection (5) will permit a taxpayer under conditions to be prescribed by regulations to claim a deduction from tax in respect of certain taxes, other than taxes on income, that are paid to a foreign country.

Would the minister give an illustration?

Mr. Abbott: As a matter of fact this applies to only one or two Canadian corporations operating in foreign countries. In those countries, instead of imposing a tax on income they have imposed a tax on the gross capital employed in that country. This is to adjust an anomaly which appeared to exist.

Mr. Browne (St. John's West): Does it also apply to the individual taxpayer who has that kind of income?

Mr. Abbott: No. It applies only to corporations doing business in those countries.

Mr. Adamson: Does it apply to a company such as the Brazilian Traction Company?

Mr. Abbott: I believe it does not. At least it has no significance so far as that company is concerned.

Section agreed to.

On section 17—*Averaging for farmers and fishermen.*

Mr. Quelch: As there may be some discussion on this item, would you call it six o'clock?

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

The Chairman: We were considering section 17, but section 5 had been allowed to stand until eight o'clock. Shall we revert to section 5 now?

Some hon. Members: Agreed.

On section 5—*Amount received by broker to be included.*

Mr. Abbott: I did not think there was any controversy about this section. An amendment had been moved, and some interested members wanted to consider it.

Mr. Macdonnell (Greenwood): This is drastically different from the clause as it was before, and which was objectionable because

it created a problem for brokers in forcing them to pay the tax with the chance that perhaps afterwards they would find that they would be recouped at a lower rate. As I understand it, this amendment operates quite simply. It just says that out of the amount held for an anonymous client, 25 per cent shall be deducted. It is just like a deduction at the source. Then the section provides further that the payment is deemed to have been received by the beneficial owner and to have been deducted or withheld from such amount as would otherwise be payable by the broker. In other words it is the broker's justification for doing what he does.

But nothing is said here about what happens afterward. I assume from the silence that what is really intended is that when an anonymous person turns up he will be in the position of having had 25 per cent deducted at the source. What happens then is a matter of calculating what his income has been and he will either be entitled to reimbursement or be called upon to pay more, according to the state of his other income.

Mr. Abbott: I think that is very accurately stated.

Mr. Macdonnell (Greenwood): That is a great step forward. Moreover, as the minister pointed out this afternoon, this section does not really become applicable until next year, so that in the minister's phrase if there are any bugs in it they can be discovered.

Mr. Abbott: It was done purposely in order to make sure.

The Chairman: The first amendment was to delete clause 5.

Amendment agreed to.

The Chairman: The second amendment was to renumber clauses 6 to 19 inclusive as clauses 5 to 18 respectively.

Amendment agreed to.

The Chairman: Then the next amendment was to insert a new clause 19.

Mr. Fleming: May I ask a question by way of clarification. Subsection 2 states that the section is applicable to the 1954 and subsequent taxation years. Does that mean that payment is to be made in 1954 in respect of dividends received during the preceding year, or does it mean that you start the whole new system in 1954 so that on the dividend payments received in that year, the 25 per cent deduction would take place in 1955?

Mr. Abbott: No. My understanding is that the dividends carried by brokers for unknown or undisclosed clients in the 1954 taxation year would have 25 per cent deducted at the source in that year. That will remain in that position until the dividends are paid over to the clients when it is developed later who they are. Then, as the hon. member for Greenwood put it, the client will either have had his tax fully paid by the 25 per cent deduction, or if it is overpaid he will get a refund. If there is any further tax payable, he would have to pay that on a personal basis.

Mr. Fleming: Then the section will apply only with respect to dividends received during 1953?

Mr. Abbott: No, it will be all dividends accrued and carried up to that time.

Mr. Fleming: All dividends standing in the account?

Mr. Abbott: That is right; on the basis, of course, that the broker who holds them takes the position, I think quite correctly, that it is not his income, that it belongs to someone whom he is not able to identify. As I said this afternoon, it is income which should be subject to tax.

Mr. Fleming: Is that the effect of the opening words of the subsection which are:

> Where an amount has been received by a broker or dealer in securities in the period of twelve months immediately preceding a taxation year,—

Does not that mean the amount received within a period of twelve months?

Mr. Abbott: I think subsection 3 picks that up. It may be another year in which he would find the client with respect to whom the dividends are payable or for whom the dividends were receivable.

Mr. Fleming: The undisclosed client turns up later and claims credit for the 25 per cent deducted against that year. As far as he is concerned, will that be applied to the year in which he receives the dividends or in which the broker paid the dividends?

Mr. Abbott: It would.

Mr. Fleming: Which would be the year before the payment of the 25 per cent by the broker?

Mr. Abbott: I think that is correct.

Mr. Fleming: This may produce some strange results in years when there is a change in the taxation rates.

Mr. Abbott: That may be, but the 25 per cent rate is fairly moderate, and since there is an adjustment either up or down I do not believe that any injustice will result. From the discussion we have had this would seem to be the most practical way of solving this problem. As I say, if between now and 1954, as a result of examination of the way

these accounts are actually handled, it appeared that some other system would be better, an amendment could be made and there would not be any prejudice suffered in the meantime.

Mr. Fleming: There is no doubt that if a missing client happened to be a deceased person and there was no tax payable on his behalf, there would be no difficulty in obtaining a refund?

Mr. Abbott: There would be a refund of the full amount under those circumstances.

Amendment agreed to.

On section 17—*Averaging for farmers and fishermen.*

Mr. Quelch: I think this is an improvement in the act and we certainly support it. There is one matter I should like to have clarified. On page 10 of the "Farmer's Guide" we find the following:

An election to average income form must be filed on or before 30 April following the fifth year.

Apparently many farmers do not get a copy of the Guide and therefore do not understand the full meaning of that clause. Instead of filling in that form they merely write a letter asking the department to average their income over the past five years. That is sent in before April 30. Then perhaps a couple of months later, in June, they get a letter telling them that they should have signed this election form, and having failed to do so they will not be able to average their income.

It seems to me the department is being a bit sticky about that. As long as the department gets a letter which states clearly that the farmer has decided to average over the past five years it should be allowed to stand. A form should be sent to him with instructions to fill it out. Apparently they just tell the farmer that he did not send in a form and therefore cannot average his income.

Mr. Fair: I have had similar complaints, and without taking the time to repeat the argument made by the hon. member for Acadia I want to support what he has said. I think it should be understood by this time that farmers are not a bookkeeping class of people. They are too busy working at good, honest work on the land. We find that many of them hire people, in some cases lawyers, to make out their returns for them, and apparently the lawyers do not know the rules either or they are more interested in building up an account so they can charge $10, $15 or $25 for making out the farmer's return. I think the department could relax some of the red tape a little. I think they might accept a letter where a letter has been sent in instead of insisting on the prescribed form. Failing that, they should send the prescribed form to the farmer so he may fill it in.

Mr. Abbott: It is essentially an administrative problem, and I can assure both the hon. members who have spoken that the deputy minister of national revenue, taxation branch, has been following their remarks closely.

Section agreed to.

Sections 18 to 22 inclusive agreed to.

On section 23—*Dividend from personal corporation.*

Mr. Abbott: I apologize for having to make all these amendments, but as the committee will realize this is a very technical bill. We have been trying to remove some inequities and anomalies, and since first reading of the bill our attention has been called to certain cases in which we had not covered what we intended to cover. This is a pretty technical amendment, but it has been drawn to our attention that we have provided in the act already for a credit in the case of the ordinary personal corporation. This amendment will make provision for a similar credit in the case of a foreign tax credit through several personal corporations. The amendment is rather long. Perhaps you might read it, Mr. Chairman, instead of my doing so, but that is the point that it is intended to cover.

The Chairman: The amendment reads as follows:

2. That the said bill be further amended

(a) by deleting lines 35 and 36 on page 14 thereof and substituting the following therefor:

"23(1) Subsection (6D) and (6E) of section 61 of the said act are repealed and the following substituted therefor"; and

(b) By inserting immediately after line 6 on page 15 thereof the following:

"(6E) Where a dividend is deemed by this section to have been received from a personal corporation on the last day of a taxation year of the corporation by an individual or another personal corporation, the person by whom the dividend is so deemed to have been received shall, for the purpose of section 38, be deemed to have income on that day from sources in a foreign country equal to that proportion of the dividend that he is so deemed to have received that

(a) the income of the personal corporation (from which the dividend is so deemed to have been received) for that taxation year from sources in that country, is of

(b) the income of that personal corporation for the year;

and he shall be deemed, for the purpose of section 38, to have paid income tax thereon to the government of that country equal to that proportion of the tax paid or deemed to have been paid to that government by the personal corporation (from which the dividend is deemed to have been received) on its income from sources in that country that

(i) the dividend he is so deemed to have received is of

(ii) the income of that personal corporation deemed to have been distributed to its shareholders on that day."

Mr. Fournier (Hull): I so move.

Mr. Abbott: I apologize for the seeming complexity of these amendments. It is true that the case to be covered affects only a very few taxpayers, but it is a very real inequity. In essence, where there are two personal corporations, this provides that the foreign tax credit may pass through one personal corporation to the other. There may not be more than half a dozen of these in the country, but there is an inequity and this covers that difficulty. As usual, I should like to move a corresponding amendment to part II, which is the revised statutes section of the bill.

The Chairman: Is it agreed?

Some hon. Members: Agreed.

Mr. Fleming: I wonder if we could have a moment to look this over and go on with something else.

Mr. Gibson: Take a couple of months.

Mr. Fleming: There is a real problem here, and if the minister would not mind letting it stand and going on with another item—

Mr. Abbott: That is quite agreeable. I have no objection.

Section stands.

Sections 24 to 27 inclusive agreed to.

On section 28—*Benefits to employees.*

Mr. Abbott: Here again I must ask the indulgence of the committee. This is a new section which relates to benefits to employees as the result of stock option agreements. It has been given a great deal of attention since the provision was first put in, and I should like to make the following statement before asking one of my colleagues to move an amendment.

During the last week or so since the bill received first reading I have had numerous representations regarding this clause in the bill which is designed to take care of a loophole which now exists in our law with respect to stock option plans. While the provisions of the clause now before us were designed to cover the relatively narrow field of stock option plans, the proposed legislation does bring into perspective the more general problem of how to treat the more usual type of employee stock purchase plan as distinct from stock option.

The amendment which I am going to ask one of my colleagues to move deals with the two subjects under one general provision. Where, under the existing law, benefits to employees under the ordinary stock purchase plans were potentially taxable under section 5 (1) (a) of the act, the amendment here proposed introduces a specific taxing provision for these benefits. The benefit to be taxed under both the stock purchase plans and the stock option plans is the difference between the purchase price of the share to the employee and its value at the time he acquired it. This benefit need not be included along with other income for tax purposes and thus put the employee in a higher tax bracket than would otherwise be the case. It will be open to him to have the benefit treated as a lump sum and taxed at a rate determined by the relationship between tax and income of his three previous years. The amount so determined will be reduced by 20 per cent of the benefit.

I might explain why this 20 per cent abatement against tax appeared to be a reasonable degree of relief. Section 5 of the law, while defining generally the scope of the tax on wages and salaries, provides that certain of what I might call fringe benefits need not be included in income. For example, the benefits obtained under group insurance plans need not be included in income. Neither is the employee required to include in his income the dollar value of his benefits under medical service plans. These facts suggest that it would not be unreasonable to exclude by some device moderate benefits received under stock purchase plans, for example.

A further point in this connection is that although the benefits received by the employee under stock purchase or stock option plans are regarded as income from office or employment, that is, it is regarded as remuneration, the corporation providing remuneration in this form to its employees does not charge it against its profit and loss account for purposes of corporation income tax. Thus it might be said that we are getting corporate income tax in a larger amount because the corporation decides to benefit its employees in this way.

These facts suggested that a degree of abatement equal to the low bracket of corporate tax might be a reasonable measure of relief to adopt. Accordingly, as I stated above, the tax as calculated on the effective average rate for a three year period will be reduced by 20 per cent, which is the minimum rate of tax on corporations.

I should add that it was not the intention in introducing this legislation to interfere with normal employee stock purchase plans which

have been introduced by a number of corporations, but it was felt that it was necessary to prevent an abuse of these stock option devices through allowing employees, perhaps executives of a corporation, to get very large benefits which would not be taxable.

I would ask that my colleague, the Minister of Public Works, move another long and very carefully drafted amendment which gives effect to the policy I have just enunciated and, as well, the corresponding amendment for part II.

Mr. Fournier (Hull): I move:

That subclause (1) of clause 28 of Bill 228, an act to amend the Income Tax Act, be amended by striking out section 75A and substituting the following therefor:

75A. (1) Where a corporation has agreed to sell or issue shares of the corporation or of a corporation with which it does not deal at arms length to an employee of the corporation or of a corporation with which it does not deal at arms length,

(a) if the employee has acquired shares under the agreement, a benefit equal to the amount by which the value of the shares at the time he acquired them exceeds the amount paid or to be paid to the corporation therefor shall be deemed to have been received by the employee by virtue of his employment in the taxation year in which he acquired the shares;

(b) if the employee has transferred or otherwise disposed of rights under the agreement in respect of some or all of the shares to a person with whom he was dealing at arms length, a benefit equal to the value of the consideration for the disposition shall be deemed to have been received by the employee by virtue of his employment in the taxation year in which he made the disposition;

(c) if rights of the employee under the agreement have, by one or more transactions between persons not dealing at arms length, become vested in a person who has acquired shares under the agreement, a benefit equal to the amount by which the value of the shares at the time that person acquired them exceeds the amount paid or to be paid to the corporation therefor shall be deemed to have been received by the employee by virtue of his employment in the taxation year in which that person acquired the shares; and

(d) if rights of the employee under the agreement have, by one or more transactions between persons not dealing at arms length, become vested in a person who has transferred or otherwise disposed of rights under the agreement to a person with whom he was dealing at arms length, a benefit equal to the value of the consideration for the disposition shall be deemed to have been received by the employee by virtue of his employment in the taxation year in which that person made the disposition.

(2) Where a benefit is deemed by paragraph (a), (b), (c) or (d) of subsection (1) to have been received by an employee by virtue of his employment in a taxation year, the employee shall, if he so elects, pay as tax for the year under this part, in lieu of the amount that would otherwise be payable, an amount equal to the aggregate of

(a) the tax that would be payable by the employee for the year under this part if no benefit were so deemed to have been received by him in the year, and

(b) the amount, if any, by which

(i) the proportion of the benefit so deemed to have been received that the aggregate of the taxes payable by the employee under this part for the three years immediately preceding the taxation year (before making any deduction under section 32, 33, 35 or 38) is of the aggregate of the employee's incomes for those three years,

exceeds

(ii) 20 per cent of the amount of the benefit so deemed to have been received.

(3) Where an employee who has elected under subsection (2) to pay as tax for a year under this part an amount determined under that subsection was not resident in Canada throughout the whole of the three years referred to therein, the tax payable under subsection (2) is an amount equal to the aggregate of

(a) the tax that would be payable by the employee for the year under this part if no benefit were deemed by paragraph (a), (b), (c) or (d) of subsection (1) to have been received by him in the year, and

(b) the amount, if any, by which

(i) the proportion of the benefit so deemed to have been received that the aggregate of the taxes that would have been payable by the employee under this part for the three years referred to in subsection (2) (before making any deduction under section 32, 33, 35 or 38), if he had been resident in Canada throughout those years and his incomes for those years had been from sources in Canada, is of the aggregate of his incomes for those three years,

exceeds

(ii) 20 per cent of the amount of the benefit so deemed to have been received; and, in such a case, the election is not valid unless the employee has filed with his election a return of his income for each of the three years in the same form and containing the same information as the return that he would have been required to file under this part if he had been resident in Canada in those years.

(4) Where a share is held by a trustee in trust or otherwise, either absolutely, conditionally or contingently, for an employee, the employee shall be deemed, for the purposes of this section, to have acquired the share at the time the trustee commenced so to hold it.

(5) Where a corporation has agreed to sell or issue shares of the corporation or of a corporation with which it does not deal at arms length to an employee of the corporation or of a corporation with which it does not deal at arms length,

(a) no benefit shall be deemed to have been received or enjoyed by the employee under or by virtue of the agreement for the purpose of this part except as provided by this section, and

(b) the income of the corporation for a taxation year shall be deemed to be not less than its income for the year would have been if it had not conferred a benefit on the employee by the sale or issue of the shares to the employee.

Mr. Fournier (Hull): And I move:

That subclause (1) of clause 73 of the said bill be amended by striking out section 85A and substituting the following therefor:

"85A. (1) Where a corporation has agreed to sell or issue shares of the corporation or of a corporation with which it does not deal at arms length to an employee of the corporation or of a corporation with which it does not deal at arms length.

(a) if the employee has acquired shares under the agreement, a benefit equal to the amount by which the value of the shares at the time he

acquired them exceeds the amount paid or to be paid to the corporation therefor shall be deemed to have been received by the employee by virtue of his employment in the taxation year in which he acquired the shares;

(b) if the employee has transferred or otherwise disposed of rights under the agreement in respect of some or all of the shares to a person with whom he was dealing at arms length, a benefit equal to the value of the consideration for the disposition shall be deemed to have been received by the employee by virtue of his employment in the taxation year in which he made the disposition;

(c) if rights of the employee under the agreement have, by one or more transactions between persons not dealing at arms length, become vested in a person who has acquired shares under the agreement, a benefit equal to the amount by which the value of the shares at the time that person acquired them exceeds the amount paid or to be paid to the corporation therefor shall be deemed to have been received by the employee by virtue of his employment in the taxation year in which that person acquired the shares; and

(d) if rights of the employee under the agreement have, by one or more transactions between persons not dealing at arms length, become vested in a person who has transferred or otherwise disposed of rights under the agreement to a person with whom he was dealing at arms length, a benefit equal to the value of the consideration for the disposition shall be deemed to have been received by the employee by virtue of his employment in the taxation year in which that person made the disposition.

(2) Where a benefit is deemed by paragraph (a), (b), (c) or (d) of subsection (1) to have been received by an employee by virtue of his employment in a taxation year, the employee shall, if he so elects, pay as tax for the year under this part, in lieu of the amount that would otherwise be payable an amount equal to the aggregate of

(a) the tax that would be payable by the employee for the year under this part if no benefit were so deemed to have been received by him in the year, and

(b) the amount, if any, by which

(i) the proportion of the benefit so deemed to have been received that the aggregate of the taxes payable by the employee under this part for the three years immediately preceding the taxation year (before making any deduction under sections 33, 34, 38 or 41) is of the aggregate of the employee's incomes for those three years,

exceeds

(ii) 20 per cent of the amount of the benefit so deemed to have been received.

(3) Where an employee who has elected under subsection (2) to pay as tax for a year under this part an amount determined under that subsection was not resident in Canada throughout the whole of the three years referred to therein, the tax payable under subsection (2) is an amount equal to the aggregate of

(a) the tax that would be payable by the employee for the year under this part if no benefit were deemed by paragraph (a), (b), (c) or (d) of subsection (1) to have been received by him in the year, and

(b) the amount, if any, by which

(i) the proportion of the benefit so deemed to have been received that the aggregate of the taxes that would have been payable by the employee under this part for the three years referred to in subsection (2) (before making any deduction under sections 33, 34, 38 or 41), if he had been resident in Canada throughout those years and his incomes for those years had been from sources in Canada, is of the aggregate of his incomes for those three years,

exceeds

(ii) 20 per cent of the amount of the benefit so deemed to have been received; and in such a case, the election is not valid unless the employee has filed with his election a return of his income for each of the three years in the same form and containing the same information as the return that he would have been required to file under this part if he had been resident in Canada in those years.

(4) Where a share is held by a trustee in trust or otherwise, either absolutely, conditionally or contingently, for an employee, the employee shall be deemed, for the purposes of this section, to have acquired the share at the time the trustee commenced so to hold it.

(5) Where a corporation has agreed to sell or issue shares of the corporation or of a corporation with which it does not deal at arms length to an employee of the corporation or of a corporation with which it does not deal at arms length,

(a) no benefit shall be deemed to have been received or enjoyed by the employee under or by virtue of the agreement for the purpose of this part except as provided by this section, and

(b) the income of the corporation for a taxation year shall be deemed to be not less than its income for the year would have been if it had not conferred a benefit on the employee by the sale or issue of the shares to the employee."

The Chairman: Shall the amendment carry?

Some hon. Members: No, just a moment.

Mr. Abbott: I would be very happy if you would care to have it stand for a few moments. I can only say that it has been carefully drafted by the Department of Justice to implement the policy which I have endeavoured to explain. I do not want to hurry the committee, and perhaps we could distribute copies of the amendment and allow this section to stand while those who are particularly interested may have a chance to read it through.

There is a further amendment to this section which concerns the question of special reserves held by insurance companies. Following discussions with the superintendent of insurance he has suggested that the section as now contained in the act on page 21, reserve for unearned premiums, would be awkward for the companies to comply with. I now would ask my colleague, the Minister of Public Works, to move the amendment. Again I apologize for the necessity of moving these amendments, but after all these are very technical statutes and it is important, when special points are brought to our attention, that we should be sure the amendment is satisfactory.

Mr. Macdonnell (Greenwood): I suggest that in future where we have complicated things of this kind it should be possible to let us look at them before the last moment.

Mr. Abbott: In this case I do not wish to hurry the committee, but there is no change in the principle. If my hon. friend will look at the amendment I think he will see in a couple of minutes that it is a very minor one.

Mr. Macdonnell (Greenwood): It was really the others I was referring to.

Mr. Fournier (Hull): I move:

That the said subclause (1) of clause 73 be further amended by striking out subsection (5) of section 85B and substituting the following therefor:

"(5) Paragraph (c) of subsection (1) does not apply to allow a deduction as a reserve in respect of insurance, but an insurance corporation, other than a life insurance corporation, may, in computing its income from its insurance business for a taxation year, deduct as policy reserves such amounts as have been approved for the purposes of this subsection by the superintendent of insurance."

Mr. Fleming: I wonder if we could have some elucidation of the concluding words. As I understand the proposal, insurance corporations, other than life insurance corporations, are not permitted to deduct reserves in the same way that other corporations are; but they are allowed to deduct such amounts for their policy reserves as are approved by the superintendent of insurance. What is to guide the superintendent of insurance?

Mr. Abbott: We attempted to spell out formally under this section what was desired, but the insurance companies told us that they did not keep their records on a day to day basis in this way. After consultation with the superintendent of insurance it was agreed that the section should be amended in this way, leaving necessary flexibility for the superintendent of insurance to approve the basis upon which reserves could be set up. I am told that he has to do that for the purposes of the Insurance Act now, so he would be combining the job he has to do under the Insurance Act with the determination required in this section. I am also informed that there is no intention to change the practice which has prevailed in the past.

Mr. Fleming: I wished to be clear on that point. As far as the non-life insurance companies are concerned, first of all there is to be no change in the practice imposed on them by the superintendent of insurance in the method of calculating reserves; and in the second place, this does not involve any additional taxation because there is no change in their tax position?

Mr. Abbott: I am told that my hon. friend has correctly stated the position in both cases. There is no change.

Amendments stand.

Section stands.

Sections 29 to 34 inclusive agreed to.

On section 35—*Tax on premium.*

Mr. Fleming: Has the minister an amendment on this question to meet the problem of the non-resident-owned investment corporation?

Mr. Abbott: Yes. This was a point which was called to our attention by the hon. member for Eglinton. It was a point that was well taken and I will ask my colleague, the Minister of Public Works, to move the following amendment:

That the said bill be further amended by inserting

(a) immediately after the word "corporation" in line 23 on page 25 thereof, and

(b) immediately after the word "corporation" in line 16 on page 57 thereof,

the words "other than a non-resident-owned investment corporation".

Mr. Fournier (Hull): I so move.

Amendment agreed to.

Section as amended agreed to.

Section 36 agreed to.

On section 37—*Interest on bonds.*

Mr. Abbott: There is a minor amendment here which results from a point we overlooked in apportioning interest in the case of sales by a non-resident of Canada to a resident; and the amendment which I am going to ask my colleague to propose to section 4A will provide that in the case of a non-resident who sells a security to a Canadian resident, the 15 per cent tax will apply only in cases where it would have applied had the non-resident not sold the bond.

Mr. Fournier (Hull): I move:

3. That the said bill be further amended by deleting lines 7 to 12 on page 27 thereof and substituting the following therefor:

"(4A) Where paragraph (a) of section 19A would, if part I were applicable, require an amount to be included in computing a non-resident person's income for a taxation year, if the transferee of the securities is a person resident in Canada, that amount shall, for the purposes of this part, be deemed to have been a payment at the time of the transfer, to the non-resident person by the transferee of the securities, of interest on which tax is payable under subsection (1) of section 96 to the same extent as tax would be payable thereunder if that amount had been paid as interest under the security to the non-resident person by the person by whom interest is payable under the security".

Mr. Fleming: I think we shall have to ask to have a look at that one.

Amendment stands.

Section stands.

Sections 38 to 44 inclusive agreed to.

The Chairman: Hon. members will have noticed that in part II sections 46 to 87 inclusive are merely repetitions of sections 1 to 42 inclusive of part I. I take it that hon. members will agree with those clauses and their corresponding amendments.

Some hon. Members: Agreed.

Sections 46 to 87 inclusive agreed to.

Mr. Knowles: Will the minister explain to us what there is in part II that corresponds with section 43 in part I? As you, sir, have just pointed out, sections 46 to 87 do correspond clearly with sections 1 to 42. When you get to section 43 of part I we need some explanation.

Mr. Abbott: Section 43 only applies to agreements made before the coming into force of this act. But part II, of course, is the revised statutes which will apply in the future, so it is not necessary to carry forward that provision into the continuing law. This is really a special provision to deal with cases which are governed by agreements entered into before the adoption of the bill which we are now considering, and it is not necessary to make that permanent provision in the revised statutes.

Mr. Knowles: I have two more questions. What does section 88 in part II correspond to in part I? Then another question would be this. What is there in part II to correspond to section 44 in part I?

Mr. Abbott: I will enlighten my hon. friend in a moment, I hope. Section 44, I am told, is to correct a printing error and we need to correct that only once.

Mr. Knowles: My question previous to that one was this. What in part I corresponds to section 88 in part II?

Mr. Abbott: I am told that section 45 in part I is the corresponding section, the section which provides for deductions for oil and gas exploration.

Mr. Knowles: The minister says that section 45 in part I is the equivalent of section 88 in part II. I suppose the minister has noted the fact that section 45 takes four pages but that section 88 takes only about a third of a page.

Mr. Fraser: There does not seem to be any connection there at all.

[Mr. Fournier (Hull).]

Mr. Abbott: I am told that all the provisions which are in section 45 in part I are covered in section 53 which is referred to in section 88 which we are now discussing. Instead of spelling it all out, it is incorporated by reference.

Mr. Knowles: Why could it not have been done that briefly in section 45?

Mr. Abbott: I will have to consult the draftsman, I think, and find out why he did not do it that way. We have to spell it out once, but we do not need to spell it out again.

Mr. Knowles: If you can say it all in a third of a page, why do you take four pages?

Section agreed to.

The Chairman: Shall we revert to clause 23 and its amendment which was allowed to stand earlier?

On section 23—*Dividend from personal corporation.*

Amendment agreed to.

Section as amended agreed to.

The Chairman: Section 28 was also allowed to stand. Shall the amendment carry?

Mr. Fleming: I really think we should have more time on section 28, Mr. Chairman. It consists of two and one-half printed pages of foolscap.

Mr. Abbott: It is mostly repetition from the previous section. The change in principle is the one to which I alluded.

Mr. Fleming: Perhaps if the committee could go on with the other sections in the meantime, it would meet our convenience.

Mr. Abbott: That is all right.

The Chairman: Section 28 stands. We are now considering section 37.

On section 37—*Interest on bonds.*

The Chairman: Shall the amendment carry?

Amendment agreed to.

Section as amended agreed to.

The Chairman: There is only one section left, namely section 28.

On section 28—*Benefits to employees.*

Mr. Abbott: I might add a word here. This amended clause was drafted after getting fairly complete information concerning the stock purchase plans of a number of companies. It perhaps would not be invidious to say they included such companies as the Bell Telephone Company and the Maritime

Telegraph and Telephone Company, which have had the stock ownership plan for a good many years. I am personally satisfied that the amendment deals fairly with the cases of the stock purchase plans, and that it provides a reasonably generous basis for stock option arrangements but does impose some tax with respect to employees who may be in the higher income brackets and who get quite substantial stock options.

The 20 per cent tax credit device, which was worked out by the officials in my department, I think—in fact I am satisfied—will be found to be satisfactory in employee stock purchase cases and I think should be quite satisfactory in the case of stock option arrangements. My personal belief is that it is fairly generous. While I think it is desirable within limits to encourage these plans, I do not think one can allow them to be abused. Since we have not in this country any capital gains tax, if employees of a company are given substantial benefits through a stock option arrangement on which no tax is paid there could be, I think, real grounds for criticism.

Admittedly the section as drafted is extremely complicated, but it has been drawn by the assistant deputy minister of justice who has been responsible for the drafting of the original Income Tax Act and the subsequent amendments. I am free to say that I have the greatest confidence in his capacity as a draftsman, and from experience I have found that his drafting always stands up.

The statement which I gave to the committee indicated as simply and as clearly as I could the basis upon which the benefit would be taxed, namely as a lump sum payment; and that when that tax was determined there would be a credit of 20 per cent of the benefit.

Mr. Macdonnell (Greenwood): I have one question with respect to the wording, on page 1 of 75A(1), paragraph (a), line 3, "a benefit equal to the amount by which the value of the shares". The question is as to the word "value". Is that definite enough? Is that the price?

Mr. Abbott: That would be a question of fact. If the option was given, let us say, at $10 a share and the market value of the shares at the time the option was taken up was $20 a share, the benefit would be $10 a share. If it were not a stock which was quoted on the market, the value at the time the option was exercised would be a question of fact; and if there were any difference of opinion between the taxpayer and the taxing authorities, that would be a matter for determination by the income tax appeal board or by the courts.

Mr. Fleming: The minister indicated the extent to which regard had been had to some well-known and major employee stock option plans. Has this long and involved amendment been submitted to those concerned in such plans for their comments?

Mr. Abbott: No, it has not, but I think the general basis followed has been discussed with them. I think my officials felt that it was not appropriate, before the amendment was submitted to the House of Commons, to indicate exactly the basis upon which it would be done. But I think the principles were outlined to them. Of course, as the committee will appreciate, this provision is considerably more generous than the section as found in the bill now. But when we examined the facts in connection with some of these employee ownership plans it seemed that we had been unduly strict in the original proposal here, and that it might interfere with the operation of long-standing employee stock ownership plans which had been carried on for years.

I think it is quite appropriate that a corporation should offer its stock to employees at a price which is appreciably below the going market value because those values fluctuate. There is a certain amount of risk involved, and it is a way in which employees can obtain a benefit. So long as that is not excessive I do not think we should attempt to tax that modest benefit, because it is not charged by the corporation as an expense.

Mr. Fleming: Can the minister indicate more fully how the election under subsection 3 of 85A (1) is to work out?

Mr. Abbott: It is the same as any other lump sum payment. An employee would have the option of taking the benefit into his ordinary income and paying tax on it; and if he had no taxable income that year it might be to his advantage to take it in and pay the lower rate of tax. He has the option however of either including the benefit as a part of his income for the taxation year in which the benefit is realized or treating it as a lump sum payment in that year and paying tax accordingly at the effective rate of tax over the past three years less the 20 per cent credit. He would obviously select the option which was to his advantage.

Mr. Fleming: Under subsection 4 we have this provision:

> Where a share is held by a trustee in trust or otherwise, either absolutely, conditionally or contingently, for an employee, the employee shall be

deemed, for the purposes of this section, to have acquired the share at the time the trustee commenced so to hold it.

How will that work out in the case of an employee who is a minor?

Mr. Abbott: That had not been thought of. That clause was inserted to meet the case, and there may be others, of one telephone company—I have no objection naming it, the Maritime Telegraph and Telephone Company —and its employees, who acquire shares which are held in trust for them by the trustee. I understand, subject to correction, that the shares are turned over to the employee when he leaves the employ of the company. It was to meet that case that that section was inserted.

Mr. Fleming: I can understand the effect of the provision in the case where the beneficiary, the employee, is *sui juris*, but what about the case of the employee who is not *sui juris*?

Mr. Abbott: This relates only to employees. I do not suppose an incompetent could acquire the shares, could he?

Mr. Fleming: Take the case of a 20-year old employee.

Mr. Abbott: I do not know. That would depend on the law in the particular jurisdiction in which he was, but I do not know whether an employee could acquire shares under those conditions. Perhaps he could, I do not know.

The Chairman: Shall the amendments carry?

Amendments agreed to.

Section as amended agreed to.

Mr. Fleming: Before we leave this very complicated subject I should like to ask whether perhaps, looking at it from the point of view of future years, the time may not have come when a bill as technical and involved as the annual income tax amendments bill is becoming might not better be referred in the first instance to one of the select committees of the house, for example the banking and commerce committee, for review before coming to the house. It might enable us to cope better with a situation like the one encountered several times today where quite lengthy, involved and sometimes quite abstruse amendments are submitted to the committee with perhaps less time to study them than members feel they ought and would like to give to the subject.

We appreciate that the minister did not try to force the pace on this. When we asked that they stand he has been quite ready to accede to the proposal, but there is a limit to what one can attempt to digest in the way of very involved amendments such as some of those extending, each of them, over several pages. I offer that suggestion while at the same time acknowledging with appreciation the fact that the minister this year did assist us by arranging to let the officials talk to the members about these questions that gave them difficulty. I am thinking particularly of these amendments that have been put before us.

Mr. Abbott: I think the suggestion is well worth exploring. I again apologize for bringing in these amendments tonight as I had to do. But in the amendments to the Income Tax Act this year we have attempted to do quite a number of things. We have attempted to tidy up quite a lot of situations which I think needed tidying, perhaps rather more so this year. But, as my hon. friend has said, this is a highly technical bill. It is one that does require very careful study. It might be well and it would be useful, certainly, in cases where there are a great many of these amendments, to have them considered in detail in a committee such as the banking and commerce committee. But granted that, with this type of bill it is clear that amendments to it, since it is a money bill, could only be moved by the minister in committee. However, it might be useful to examine this suggestion. It certainly can be considered.

Mr. Fleming: I quite appreciate the point the minister has made that amendments could not be introduced in the banking and commerce committee any more than here by anyone other than a minister of the crown. A similar situation arose before the banking and commerce committee when the Income Tax Act was first introduced for adoption in the house. I am thinking about the opportunity that would be afforded members to understand the bill they are dealing with, particularly in the case of the amendments introduced in the course of the discussion.

Mr. Abbott: I shall certainly see that the idea is considered.

Mr. Higgins: I am not going to delay the consideration of this measure, but unfortunately at five o'clock I thought private members' legislation was going to take longer than it did. I should like the privilege of taking one minute on section 11. I would have asked the minister certain questions at five o'clock, but he himself was a bit late.

I would ask the minister to consider the position of those who are on fixed pensions, or who are living on receipts from insurance policies or pension plans. I would ask him to think over the idea of increasing the exemption for such people, because the cost of living has gone up out of all proportion to

the conditions when they were put on pension. I am not going to labour the point, but I think he knows what I am talking about. I would ask him to bear these people in mind and to see if it is not possible to increase the exemption of these people from $1,000 to $1,500 for single persons and from $2,000 to $2,500 for married persons.

Mr. Balcom: May I say a word. If the section we have been dealing with had gone through without the amendments made by the minister, our company, the Maritime Telegraph and Telephone Company, would have been very seriously affected in so far as their plan is concerned. This company has over 1,000 employees, and the plan has been in operation for several years. Had the section gone through as it was originally drafted, in all probability the plan would have been abandoned. We should like to thank the minister and his advisers for the kind consideration they have given us.

Bill reported.

Mr. Deputy Speaker: When shall the bill be read the third time?

Mr. Knowles: At the next sitting of the house.

Mr. Deputy Speaker: Is it the wish of hon. members to have third reading now?

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

PUBLIC SERVICE SUPERANNUATION ACT

PROVISION FOR PRESENT AND FUTURE PAYMENT OF ANNUITIES AND OTHER BENEFITS

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

That it is expedient to introduce a measure to revise the Civil Service Superannuation Act and to provide, amongst other things, for payment out of the consolidated revenue fund, as a matter of right, of annuities and other benefits to persons and to widows and children of persons who, having paid contributions into the consolidated revenue fund while employed in the public service of Canada, cease to be so employed, and to continue payment out of the consolidated revenue fund, as a matter of right, of allowances granted under the Civil Service Superannuation Act.

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

Mr. Abbott: Mr. Chairman, the bill to be founded on this resolution is to consolidate, revise and modernize the legislation governing pensions and retirement allowances for members of the public service of Canada.

The first provision of this sort was enacted by parliament in 1870. In succeeding years there were numerous changes and revisions. Broadly speaking, the present pattern of contributory superannuation benefits was established under the Civil Service Superannuation Act of 1924.

In the nearly 30 years that have elapsed since then the 1924 act has been amended by parliament on ten separate occasions. The present legislation thus consists of the 1924 act plus ten amending acts. Moreover, there has been a great deal of experience gained in the administration of our act, and there has also been a steady and continuous development of pension policies and practices in private industry and in government employment, both in this and in other countries. There is, therefore, a very strong case for consolidation, revision and modernization at this time.

This will be a rather lengthy and technical bill. In making a statement at this resolution stage I propose to limit myself to an explanation of the important new principles which have been incorporated in the bill.

The first important new principle is that in future the benefits under the plan will be a matter of right rather than a matter of grace. Hitherto all payments of superannuation and related benefits have, as a matter of law, been grants by the governor in council —rewards for good and faithful service. Even pensions to widows under the present law are dependent upon their "worthiness" to receive them. The new bill will depart from this somewhat archaic concept, and will establish the benefits clearly as a matter of right.

A second principle, which is closely related to the first, is that the bill will go just as far as is practicable in incorporating in the act itself all the rules governing contribution, calculation of length of service and benefits. The old act, based on a concept of grants and awards, naturally and perhaps inevitably gave very broad regulation-making powers to the governor in council and required that every award should be approved by the governor in council. Some regulation-making power, some element of discretion must be given to the governor in council, because the human factors and circumstances are so varied that it is quite impossible to cover every possible combination in an act of parliament. But when the bill receives first reading hon. members will find that it covers a much wider field in much greater detail, and that the regulation-making power, while requiring a somewhat lengthy description, is restricted to dealing with exceptional and unusual cases or combinations of circumstances, and with that

degree of discretion which must be given if genuine hardships and practical injustices are to be avoided.

A third new principle, and the one which will have the greatest practical and beneficial results, is the proposal to extend the coverage of the plan to the great majority of all regular full-time public servants. Broadly speaking, the old act covers only those government employees of so-called permanent status. I estimate that the new bill will bring at least an additional 60,000 employees under the act; that is, it will probably almost double the number of employees covered by the plan. Our proposal is that in so far as it is practicable every regular full-time government employee will begin to build up superannuation rights from the commencement of his employment. The bill will not cover, of course, casual or part-time employees, nor is it possible at this time to apply it to the majority of prevailing rates or seasonal employees. But with these and a few other exceptions the intention is to provide a scheme of the broadest possible coverage.

The new bill will provide improved benefits in certain and rather limited sets of circumstances. The rates of contribution will be evened out to a straight 5 per cent for women and 6 per cent for men. The improvements in benefits are not major in character but are designed to smooth out the pattern of benefits and to remove some anomalies. Care has been taken to keep the fund actuarially sound, on the basic principle that the employees' contributions, plus an equal amount contributed by the employer, that is, the government, plus the accumulating interest on the total fund, shall be fully adequate to meet the calculated liabilities of the fund.

As I said earlier, this will be a rather lengthy and technical bill. I am sure hon. members will not want to have two overlapping debates. It seems to me that the appropriate time for a useful general debate will be on the second reading of the bill when its text will be before us. When I come to move second reading I shall be able to give some further information and explanations, but even then I shall not attempt to cover details or go into purely technical points. I suggest that the most effective way to deal with this bill in all its detail will be to refer it to the banking and commerce committee for study and report, and as soon as the bill has received second reading I shall so move.

Mr. Macdonnell (Greenwood): Mr. Chairman, I shall be brief. I think everyone welcomes a measure designed to do what the minister has described. We are pleased to note, first of all, that it will classify these pension rights as rights, not as *ex gratia* payments. As a matter of fact, to tell the truth I had not quite realized that that was the law.

For reasons that I think are historical rather than justifiable, employees of the Department of Veterans Affairs—the old department of soldiers' civil re-establishment —have been in some measure subject to disability. From what the minister has said I would understand that the large numbers of regular employees being taken in would also include these people, and that any discrimination which may have existed will be removed.

As the minister has said, this matter will go to the committee on banking and commerce, and I think I need say nothing more at this time.

Mr. McIlraith: Mr. Chairman, I am particularly pleased that this resolution has come forward. I have been one who has been rather appreciative of the civil service superannuation legislation. Canadians generally can be very pleased with the superannuation provisions for the public service and that they compare favourably with those in other jurisdictions. Indeed I hold the view that they are the best of any of which I am aware in any jurisdiction.

I have always felt there was not sufficient appreciation of the splendid work done on this subject by the committee in 1923 under the chairmanship of the late Hon. James Malcolm. The report of that committee was the basis for the present superannuation legislation, and the 1924 act was based upon it.

Then in 1944 there was an amendment which could be considered quite important in that for the first time it removed the discrimination against permanent civil servants who were paid other than by a stated annual salary. It opened up the right of great numbers of long-term civil servants to come under the act. Prior to 1944 not only was it necessary that a civil servant, before coming under the act, must be permanent, but also that he be paid a stated annual salary. That had the effect, of course, of excluding employees in the printing bureau where the pay was on a weekly salary basis similar to that in the printing trades. It also excluded prevailing rate employees who were paid on an hourly or daily basis. Again in 1947 there were further substantial changes liberalizing the act.

As I interpret the words of the minister, this bill will have the effect of permitting all long-term employees in the service to

come under the provisions of the superannuation act. An unfortunate terminology is used in connection with civil service matters in that some employees are classed as permanent while others are classed as temporary, although the latter may have been employed for a great number of years. The use of those terms has had a most unfortunate effect in discriminating against some long-term employees. As I interpret the remarks of the minister, I take it that this discrimination is now being removed. If I heard him aright, some 60,000 new employees will now have the right to come under the act.

Mr. Abbott: Additional.

Mr. McIlraith: I certainly welcome that, because I think the superannuation act is an excellent one. I also note that after second reading the bill is to be referred to the banking and commerce committee where it can be given detailed study. I hope that suggestion commends itself to the house.

There is one point bothering me. I noticed that in his remarks the minister made no reference to opening up the right of election to come under the act. I can see nothing in the wording of the resolution on that point. I would hope that the right to elect to come under the act will be again extended for a period of time, and that an injustice which was done to some permanent employees who have lost the right to so elect will be removed.

A rather curious situation exists, mainly in the Department of Veterans Affairs but also affecting some of those who were in the old department of the interior. There may be employees in other departments in the same position. When the first act was passed in 1924 there was a group of civil servants with permanent status under the Civil Service Act who elected to come under the superannuation act in the ordinary way. They were permanent employees, before the 1924 act was introduced and they would have had the right to have their superannuation based on the average salary for the last five years of their employment.

The permanent employees of whom I am speaking elected to come under the act. It is rather hard to get accurate information, but as best I can understand the situation a legal opinion was given that since the department of soldiers' civil re-establishment was not a permanent department, civil servants who had come from other departments, even though they had the old permanency certificates issued under the Civil Service Act, were not eligible to come under the superannuation act. Although they had permanent status and had elected to come under the act, their election was cancelled out and they lost that right.

Later on permanent status was given to the department that succeeded the department of soldiers' civil re-establishment, and of course they then had the right to come under the superannuation legislation. But the consequence of being permitted to come under the legislation only at that time was that their superannuation was based on the average salary for the last ten years of their employment instead of the last five years of service. The result is that this small group of men and women although many of them have been contributing for 30 or 40 years will receive a much smaller superannuation than other civil servants who had permanent status at the same time and who have contributed the same amount of money.

It seems to me that a substantial injustice has been done, particularly when you bear in mind that by the very effluxion of time as affecting this legislation and the ruling to which I referred, these men and women are now about due for superannuation. These people came through the period of the thirties —I do not want to get into a party controversy —but I think it will be admitted that employment conditions were not good for civil servants then because there were no promotions and that sort of thing. They have only got their increased classifications and pay rates in the last five years of their service.

I would hope that the minister will elaborate upon what he proposes to do with respect to this group. I have always felt that there was an injustice done. I am not going to argue the legal point as to whether or not the ruling, that they were not entitled to come under the 1924 act, was sound because the old act, being based on the principle of *ex gratia* payments, makes the point irrelevant. I have always held the view that they were legally entitled to come under the 1924 act and that their election made at that time was valid. However, as I say, there is not much point in arguing that legal point. I have felt that an injustice was done to this small group, and I hope that it will be corrected in the bill.

I look forward to seeing the bill and I hope it will contain not only the beneficial provisions to which the minister has referred but other provisions to remove a number of small but nonetheless important administrative injustices in the act. The existing legislation and the principle behind it I think is thoroughly beneficial. I can speak only in congratulatory terms of it and express appreciation to the minister for bringing forward this much-needed amending bill at this time.

Mr. Knowles: Mr. Chairman, we too welcome the introduction of this legislation. The minister will recall that he said it was his intention to introduce legislation of this nature at an earlier session. I believe he indicated, either at the last session or the session before, that when the legislation was brought in any of its benefits which would have become effective at that time would be made retroactive to the earlier date. I hope that undertaking will not be overlooked.

We too welcome the fact that after second reading this bill is to go to the committee on banking and commerce so it can be thoroughly studied by the members of that committee. I hope that committee will exercise the right which all standing committees of this house have to hear witnesses or delegations that may wish to make representations or suggestions. I am glad to see the minister nodding his head affirmatively. I am confident that if he gives the nod the committee will go along with him. I am sure the various civil service associations will be most anxious to appear before that committee to express their appreciation of the improvements that are forthcoming and make their representations where there are other changes that should still be made.

Since both the previous speakers, the hon. member for Greenwood and the hon. member for Ottawa West, have referred to one particular group, I should like to say a word about that group as well. The reference is to that small number of employees who were in the old department of soldiers' civil re-establishment after world war I and who for some reason or other have been denied the right to transfer to part II of the Civil Service Superannuation Act. The denial of that right has had the effect which the hon. member for Ottawa West has pointed out, and it does seem to me that it is most unfair.

As the last speaker has indicated, the number affected is very small, but I suggest that the fact that the Department of Veterans Affairs employees' national association has made substantial representations on their behalf indicates that those who are working together with them feel very strongly the justice of the case being put forward by these employees. Like other members of the house, I have corresponded with the Minister of Finance about this matter. I have before me his letters to me and I have also seen copies of letters that he has written to other people on this question. If I may sum it up, it seems to me that he has based his decision thus far not to meet this request simply on the ground that a negative decision was made back in 1925 and again in 1926 or 1927.

I agree with the hon. member for Ottawa West that the decision was unfair and unjust, and surely that is no reason for that unfairness and injustice being continued. Now we are confronted with what amounts to a new bill. If the previous decision was simply a matter of interpretation, surely that can be corrected now by legislation so as to give to these employees the right to transfer to part II which is enjoyed by other employees of the government who have worked for a comparable period of time. I earnestly hope that consideration will be given to these representations even before the bill is brought in. If a change is not provided for in the bill, I am sure that if the committee will hear delegations on behalf of these employees there will be very strong representations made on this point.

Another group whose case I hope has been taken care of in the drafting of the bill is that known as the ex-Wrens, ex-members of the Women's Royal Canadian Naval Service. I understand that perhaps through some oversight the same right to count service during the war for pension purposes that is enjoyed by members of the women's division of the Royal Canadian Air Force and the women who served in the army is not enjoyed by those who served with the Women's Royal Canadian Naval Service. I hope that anomaly, the discrimination against that group, will be corrected in the bill when it is brought before us.

We welcome the fact that so large a group, an additional 60,000, will be permitted to come under the provisions of the Civil Service Superannuation Act, but I hope it will not be long until some of these other groups are also brought under the act. I find it difficult to understand the minister saying on the one hand that the aim is to bring in practically all the regular full-time government employees, and then telling us on the other hand that prevailing rates employees are not to be included. After all, prevailing rates employees are just as full-time and regular government employees as classified civil servants. The only real difference is in their basis of pay, and it would seem to me that the job is not fully done until these other groups are brought in as well. I hope that question will be gone into by the banking and commerce committee when it considers this important piece of legislation.

There is one other group which some of us had hoped might receive consideration when legislation of this kind was being introduced. I refer to federal civil servants who are already retired. The hon. member for Ottawa West has just made reference to the difficulty that still exists in some cases because

of the lower salaries that obtained during the thirties. Many retired employees of the government are today having a difficult time in getting along on their low pensions. Whether these low pensions arise from conditions in the thirties or from other reasons, it seems to me we should not go on any longer without providing some increase for our retired civil servants, particularly those in the lower brackets. I am sorry that there seems to be no indication in the resolution that any such provision for superannuated civil servants is being proposed in the bill.

Again, if that is the case I hope this matter can be dealt with in the banking and commerce committee. I hope the committee will permit any organizations of retired civil servants that would like to make representations to appear and state their case. I am sure if a committee of this house could hear a statement of their case from these people and the difficulties they are having, in the light of today's cost of living, in getting by on the small amount of pension some of them have, the committee would certainly want to recommend that something be done for these people.

I agree with the minister that most of the details as to this matter can be left for further study when we have the bill before us, and still further study when it goes before the committee. In general we welcome the introduction of the legislation. We are glad to note the improvements that are forthcoming, and we hope the door is not closed to still further improvements that may be suggested while the legislation is going through the House of Commons.

Mr. Richard (Ottawa East): Mr. Chairman, I too welcome this legislation. For a number of years I have tried to bring to the attention of the house that it would be in the interests of the civil servants to have a committee to discuss such matters as superannuation, salaries, conditions of work and so on in the civil service. I am glad that at last we have a concrete result of all the representations that have been made to the government over the past few years with respect to one feature at least, namely the superannuation act. What I welcome most is the fact that the minister said that in future the benefits derived by civil servants will be benefits of right and not of grace. We want our civil servants to be the best in the world. We want them to be loyal, honest, and faithful. We want them to be satisfied with their lot and to give the best of their time and their lives, although in most cases it is not with the hope of much promotion or advancement.

A civil servant is in the true sense a servant of the crown, and in most cases he cannot hope that his lot throughout his life will be one of advancement and promotion. That is why the benefits to be derived when the time comes for his retirement should be the best that can be devised under present methods. I have been hoping that the legislation will give more and better benefits to the civil servants of Canada.

The second feature of the minister's announcement is that there will be proper regulations for the awarding of pensions, and that it will not be a matter of discretion. That discretion will be reserved for certain cases such as those of hardship. The third feature of the announcement is that the superannuation act will extend to all full-time employees.

The last speaker made a good point when he stated that full-time employees are included as well as prevailing rate employees who are on a full-time basis. They are servants of the crown just as well as those who are temporary clerks, and so on. I did understand the minister to say that some prevailing rate employees might not be included but he stated that some or at least most of the prevailing rate employees will be covered by this act from the commencement of their employment.

Now, Mr. Chairman, I do not want to repeat what has been said by the hon. member for Ottawa West, the hon. member for Winnipeg North Centre, and the hon. member for Greenwood about employees of the soldiers' civil re-establishment department and the situation which occurred in 1924. I do not need to repeat that I am in agreement with them that the minister, either under this act or through some amendment, should see that it is possible for those people to get the benefits of which they were deprived by the passing of the act in 1924.

There is another class of employees, too, who suffered greatly; that was the group from the department of the interior. I shall not go into that situation at this time, but everyone will remember that a large number of employees were released from that department in the 1930's. Some were fortunate enough to preserve continuity of employment and others were re-employed later by the government. They were kept from receiving the benefits of the superannuation act. There were those who for certain reasons—on account of the depression and so on—could not get employment with the government and received an immediate pension, were later re-employed and started on another pension scheme. There are those who receive a pension for service up to 1932 and then another pension for service starting after their re-employment. They would, of course,

have received much more benefit if their employment had been continuous through the years.

I do not wish to go into greater detail but I would like to repeat what I have said through the years, although I do not know that I will be successful, that a number of superannuated civil servants should have been considered for increases in their pensions. Their pensions are very low and they were unfortunate in being retired at an early date and before the recent increases in salaries. I have said before that other countries such as England and the United States have seen fit to give a cost of living bonus to some of their superannuated civil servants in cases where the pensions were too low. I am still hoping that this government and this parliament will see its way clear to consider that matter. This is not solely a business proposition; and this is not the case of an insurance company balancing its books according to the contributions. The government has a certain responsibility which is different from the responsibility of the ordinary corporation to its employees. The government should give the best lead and the best example in the treatment of its employees, and I hope the minister will consider the case of superannuated civil servants just as he has given consideration to others in these amendments.

Now, Mr. Chairman, I know this bill is going to a committee, and we will have an opportunity of examining officials of the department and perhaps suggesting amendments which I hope the minister will see fit not only to consider but to accept.

Mr. Drew: Mr. Chairman, the operative words of the resolution before us are:

> That it is expedient to introduce a measure to revise the Civil Service Superannuation Act . . .

The words which follow define in some measure the additional features that are suggested. In explaining this the minister has referred to the full-time employees, and certain other references have been made. We shall presently have the act before us in detail and that will be the opportunity to discuss that act.

There is, however, one aspect of this problem which should be borne in mind in considering the nature of the bill that is to be introduced and the purpose of a revision of this kind. In addition to any statutory provision for adjustments which will improve the general provisions of the superannuation act, every reference to "full-time employees" draws our attention to one unsatisfactory aspect of the present situation which should be borne in mind in presenting this act; and having been borne in mind in presenting this act, it should be carried forward into other legislation relating to those engaged in serving the people of this country.

There are too many people who are actually full-time employees and who are not so regarded in the records which establish their entitlement either to superannuation or to other rights. It is perhaps a natural tendency under all governments to carry forward various types of temporary employees to a stage where they have in fact been permanent employees, in many cases for a considerable number of years. That produces inequalities and injustice, and above everything else it denies to those who find themselves in that position a sense of security. It denies that peace of mind and comfortable assurance as to the future which in itself contributes so much to the efficiency of the service that is given in this way. In a very large measure the continuing business of this country under one government and another depends upon a high standard of civil service and upon that feeling of assurance that is given by legislation which avoids any feeling of unfairness or unjustness.

Canadians have every reason to be proud of the standard of our civil service. The members of this government, and of every government, should at all times be careful to preserve the great traditions of that civil service. Above all, they should be sure that under any system that is devised the measure of security that is offered is in fact extended to everyone who offers a service to the people, no matter what the description of that type of service may be.

Mention has been made of the difficult circumstances of some people who received pensions at a time when those pensions were thought to be adequate. With the changing value of the dollar pensions that were adequate a few years ago are not adequate today. It does seem that those who have served their country well in that capacity deserve recognition of that service and due consideration for the years they have spent in serving Canada generally.

I feel that all members of this house agree that it is expedient to introduce a measure of this kind. I feel also that there is general agreement that the adjustments should be made to extend in every way possible uniformity of treatment of those who serve this country, no matter in what category that service may be rendered.

Mr. Dickey: I do not want to delay the committee in passing this resolution, Mr. Chairman, but I wish to support most warmly what was said earlier by the hon. member for Ottawa West with respect to a group of civil servants who, under present arrangements, will not fully enjoy the benefits of the

excellent superannuation legislation that we have in this country for our public servants. It is true that these individuals will enjoy part of the benefit of this superannuation act —even on that basis it is a good act—and they will be reasonably well treated.

However they feel, and I think with a great deal of justification, that for reasons over which they had no control they are not in a position fully to enjoy the benefits to which many of their fellow civil servants are entitled. As to these particular civil servants, I think almost every one of them is a veteran of the first war. They have been employed for many years in the service of the veterans of this country, both of the first war and the second war.

I know the minister has given this matter careful consideration. He has on many occasions proved to us the effective way in which he considers the difficult problems that are placed before him. We had an example of that earlier this evening in the amendments he proposed to certain provisions of the Income Tax Act. I see his desire to maintain the principle of not shifting cut-off dates and not giving rise to any unfair advantage to civil servants who might at one time have had an opportunity to make an election but failed to do so, and who now want to come in and make that election. I do not think that what is being requested would amount to creating that kind of precedent. These particular employees on whose behalf I am speaking were prevented, through no fault of their own, from making the election at the time required, and those who did make the election in good faith found later that they were legally not entitled to make that election and the certificates which they actually held were withdrawn.

I know the minister will consider these matters carefully, and that the committee also will consider them. However, I wanted to add my voice in support of the plea that was made so eloquently this evening by the hon. member for Ottawa West and supported by the hon. member for Winnipeg North Centre and other members.

Mr. MacInnis: Mr. Chairman, I wish to add my voice to those of hon. members who have already welcomed this resolution preceding the bill to extend the benefits of the superannuation act. I think this extension of the benefits of the act to so-called temporaries is long overdue; but it is better late than never.

I also wish to add my voice to those of the hon. member for Ottawa West, the senior member for Halifax and the hon. member for Winnipeg North Centre in the matter of those former employees of the soldiers' civil re-establishment department and the soldier settlement board. It was only this afternoon that I had a long letter from the minister with regard to this matter, and I wish to thank him for going to the trouble, with all his other duties, of writing quite a long letter to explain the various points of the situation.

It seems to me that the strongest point in the case for these civil servants is, first of all, their long service and second, the fact that they had paid their superannuation contributions back to 1919, I believe. There are so few of them left now that I think a departure could be made and that as they are about to retire there could be extended to them the benefit of basing their pension on the last five years of their service.

I do not know, and I will not know until we have the bill before us, to what extent the staff of the House of Commons may be covered in this measure. Perhaps it may not be the intention at all that they should be, but if it is not the intention I hope the matter will be considered. I am thinking at the moment of the stenographic pool. I know that in that pool there are many women who have given probably 25 or 30 years' service in the House of Commons. They are now getting to the age where they can no longer give efficient service, but members of the house do not like to dispense with their services when they have no other means of livelihood.

In private employment during the past few years there has been a terrific increase in the amount of pensions, sick benefits and that kind of thing that have been provided by employers. It seems to me that the lower the wage or salary and the more intermittent the service, the more important it is that these people should be helped to make provision for the time when they have to retire. Whether a person is legally in the service of this country—I was going to say "of this government"—and whether they are legally permanent or whether we call them temporaries or part-time employees, I believe they all should participate in the same benefits.

It may be a little bit difficult to arrange for it, but I am sure that a person who could draft and understand the amendments that were made to the Income Tax Act this evening would find it quite simple to deal with this matter of superannuation. I am just going to leave my case at that, knowing full well that the Minister of Finance will be equal to the occasion.

Mr. Harkness: Mr. Chairman, I want to say a word on behalf of a group of civil servants whom everyone has described as

having suffered a certain amount of discrimination and injustice over the years. I refer to the civil servants who were employees of the old soldiers' civil re-establishment department and of the soldier settlement board.

As I understand this matter, these people never had the opportunity of electing to have the last five years of their service counted rather than the last ten years for superannuation purposes, entirely owing to the fact that the soldiers' civil re-establishment department was looked upon as being only a temporary department following the first great war. Therefore these people were not able to get the status of permanent civil servants, and they could not make that election. In other words it was through no fault of their own.

All those who have spoken here, from all sides of the house, have expressed the desire that the superannuation should be changed so that the comparatively small number of people affected should have that right of having their superannuation benefits based on the last five years of service. The minister's statement was not clear as to whether the proposed legislation covers this point; but I would take it from the tone of the speeches made, particularly from the government side of the house, that the legislation does not deal with this point.

What the minister said, I think, was that the rates will be smoothed out to 5 per cent for men and 6 per cent for women.

Mr. Knowles: The other way around.

Mr. Harkness: Was it? I was not quite sure what that meant, but in any event it did not seem to me that it was going to meet this particular point. That was the only thing I heard the minister say which might be interpreted as applying to it, namely that the rates would be smoothed out, and therefore presumably all people would be on the same basis.

As I said, the desire has been expressed by hon. members speaking from all sides of the house that this injustice should be corrected. Perhaps the minister can tell us whether the present legislation which he is introducing in actual fact will correct that injustice, and whether there is any definite provision in the legislation as now drafted to look after this matter.

Then I think the house would be very pleased if the minister would give an assurance that amendments which might be introduced either by himself or in the banking and commerce committee will look after this particular matter so this long-standing discrimination might be done away with.

[Mr. Harkness.]

Mr. Thatcher: The minister stated this evening that this legislation is going to reform the Civil Service Superannuation Act. Quite a few reforms are needed. One of them which has not been mentioned tonight is the compulsory retirement age of civil servants. If my understanding of the legislation is correct, civil servants have the option today of retiring at 60 and are forced to retire at age 65. In view of the increased life expectancy in recent years that compulsory age of 65 is outmoded. It is wrong, and it is financially dangerous to the country.

When we pick up our newspapers today we find that it is very difficult to get help in Canada. I came back from the west the day before yesterday, and I picked up the Toronto *Star*. I found in that paper page after page of help wanted ads. Farmers, chemists, bookkeepers, machinists and others were wanted. There were eight pages of help wanted ads in that particular paper, and the same is true of every paper from Newfoundland to British Columbia today. You just cannot hire people in Canada. That being so, is it sensible to force our civil servants to retire at the age of 65 if they do not wish to? I personally do not think it is. I was reading an article in a United States magazine not long ago which said that the chief of the United States public health service, when speaking on this question of forced retirement at the age of 65, said that it is costing the United States every year 1,250,000 workers who would earn $4 billion. If these figures are correct, and if Canadian figures are somewhat similar, I suppose it must be costing us across the country, industry and government, at least 150,000 workers, and perhaps a national production of about $400 million a year.

Time and again the government has suggested to private industry that it would be well advised to keep its employees beyond the age of 65. It seems sensible to me to suggest that the government should give industry an example. When this legislation is being reviewed the government should consider extending the compulsory age of retirement of civil servants from 65 to at least 68. There are a good many civil servants who would welcome a reform of that nature, because they find it very difficult to retire with the cost of living as high as it is. Another aspect is that when a man retires he usually deteriorates physically and mentally. That kind of reform would also save the taxpayer a good deal of money.

Today the taxpayer is being forced to pay a large share of the retirement pensions of civil servants rendered non-productive usually against their own desires. When this matter goes to the committee I hope the government will give consideration to the reform I have suggested.

Mr. Brooks: I do not wish to delay the committee. This matter we are discussing, particularly with relation to the soldiers' civil re-establishment department and soldier settlement board, has been discussed on quite a number of occasions before. I remember that in the veterans' committee away back in 1947 and 1948 the matter was brought up, but at that time unfortunately our terms of reference were not broad enough to enable us to discuss the matter at any length. However, I wish to say that I am in hearty accord with what has been said by hon. members here tonight. I think the veterans in the soldiers' civil re-establishment department and in the soldier settlement board received very shabby treatment over a long period of years. I do hope that when this legislation goes before the committee, of which I am a member, the injustice will be corrected.

I have nothing further to say in this connection, but I do feel the time has arrived when this matter should be adjusted and I hope an amendment will be made to the legislation which will do justice to this particular group of worthy men.

Mr. Green: Can the minister tell the committee how many civil servants are under the superannuation act at the present time, and also whether it is the intention to cover these two groups that have been referred to tonight, first those who served in the old soldiers' civil re-establishment department and the superannuated civil servants?

Mr. Abbott: I shall be happy to do that. I am afraid I have not the number of civil servants under the act at the moment. That is readily available and I can get it in a few minutes. In any event I can do it on second reading.

I had not intended to make a statement at the committee stage about this particular problem of those civil servants who were in the old department of soldiers' civil re-establishment, but we have a few minutes before ten o'clock and it may be helpful to consider it. It is a matter which can be discussed in committee, but in its consideration it might be helpful if I were to outline the facts in connection with these particular civil servants.

When the Civil Service Superannuation Act was passed in 1924 it was provided that those who were permanent civil servants within the meaning of the act on July 19, 1924, should be given the advantage of the average salary over the last five years of their service in the calculation of any allowances which might be granted to them. On the other hand any temporary employee on that date, or anyone else who subsequently became a permanent civil servant, was to be subject to a ten-year average salary provision instead of five years.

While ten years was determined in 1924 as a necessary factor for actuarial reasons in the benefit formula for future contributors, the five-year provision was put in primarily for the benefit of those who would be retiring shortly after 1924, after having gone through a recent period of low salaries which were supplemented by a cost of living bonus. The use of the five-year period instead of ten would be some compensation to that group, those who it was expected would be retiring very shortly after 1924.

The question which has now been raised concerns the department of soldiers' civil re-establishment employees appointed prior to July 19, 1924, when the superannuation act came into force. Prior to that date, the department of soldiers' civil re-establishment act provided that the minister, under regulations, might employ "such technical and special temporary staff as may be required . . ." It was also provided that the regulations should contain provision for the issue of certificates by the civil service commission in respect of the positions.

An amendment to the department of soldiers' civil re-establishment act which came into force on July 19, 1924, altered the power of appointment by removing the reference to temporary staff and at the same time expressly exempted the positions and staff from the operation of the Civil Service Act. The amending statute was expressed to have force and effect from November 10, 1919. The effect of this would be to exclude the positions and staff from the operation of the Civil Service Act as of that date and, as the deputy minister of justice expressed in an opinion of October 13, 1924, made it possible to give permanent status to employees of the department by regulation with retroactive effect to that date.

Prior to giving this opinion, however, the deputy minister of justice on September 24, 1924, expressed the opinion that all appointments made under the department of soldiers' civil re-establishment act prior to the amendment in 1924 were temporary only, there being no power in the minister to make a permanent appointment under the terms of the original act. The opinion of Mr. Edwards, who was deputy minister of justice at the time, continues:

> I am of the opinion, in view of the terms of the statute, that such employees have only a temporary and not a permanent status. It follows that they are not eligible to become contributors under the new superannuation act.

In the light of the amendment and the opinion of the deputy minister of justice on

October 13, 1924, a proposed regulation was considered by the treasury board in February, 1925; but the board on looking into the circumstances did not approve it.

When the Civil Service Superannuation Act was amended in 1927 the case of these and others who had been excluded in one way or another was again raised. In speaking of these groups in general the then minister of finance stated that the act was not intended to include any employees whose sudden withdrawal from the service would impose unexpected demands on the fund. These demands would arise from the abolition of office provision which at that time carried with it the benefit of the grant of an allowance for life on the same basis as if the person concerned had retired because of age. The government therefore was not satisfied that the positions in this department were permanent and the employees therefore could not become contributors to the superannuation account.

Of course all the employees of the department would not necessarily have become permanent had the treasury board approved the regulation proposed in 1925. The department, however, hoped until 1927 to have the position altered, and on its own deducted amounts equivalent to the contributions which those of its employees who might have become permanent would have made to the superannuation account. The department forwarded these deductions to the superannuation branch of the Department of Finance. This branch, acting on the opinion of the deputy minister of justice of September 24, 1924, did not accept these payments but consistently returned them to the department. The department held them in a trust fund until 1927, and then returned them to the employees.

The employees of the department were, with some exceptions, blanketed in in 1929 under the department of pensions and national health act. Thereupon under the provisions of the act they were deemed to be permanent and were dealt with properly under part I of the superannuation act.

While it is true that these civil servants will not obtain the same advantages in the way of pension benefits as those who were permanent employees within the meaning of the act at that time, yet they are in the same position as that of any one of the 14,000 temporary employees in 1924 who may now be still employed.

Since that time thousands of decisions have been taken, allowances granted, and payments made on the basis of the decision of the treasury board in 1925 and, in effect, the confirmation of parliament in 1927. To try to undo all this would lead to a hopeless tangle, and to grant special privileges now to those who are still employed would be absolutely unfair to those in a similar position who may have retired or to the widows of those who have died.

Any decision as to whether an employee should be regarded as permanent or not has to be made on the basis of the situation at the time the decision is made. Many functions and services of a department of government are not obviously of a permanent nature until a number of years have elapsed; and until that is accepted as evident the persons filling those positions have not been able to enjoy the privileges attached to permanency. That was the position of the department of soldiers' civil re-establishment up to 1929 when, as I say, it was blanketed in with the department of pensions and national health.

Happily, of course, we are taking steps to get away from any repetition of such an admittedly unsatisfactory situation, under the bill which is to be based upon this resolution. The old distinction between permanent and temporary is being removed, as well as the special abolition of office allowance, the existence of which made that former distinction necessary.

As I say, these questions can be discussed properly in the committee on banking and commerce, when officials of the superannuation branch and of my own department will be available to give any explanation which may be required. I propose to make a considerably more detailed statement on the motion for second reading, when I shall deal with the various provisions of the measure. However, it may be useful to have this factual statement on record tonight with respect to these employees of the old department of soldiers' civil re-establishment.

Mr. Green: I take it that neither of those two groups is covered in the bill as it stands.

Mr. Abbott: That is right. And there are a number of other groups which in my opinion have a better claim than this particular one, which I still do not think should be included. But they would have a better claim than the employees of the department of soldiers' civil re-establishment.

Mr. Knowles: Was I correct in assuming the minister agrees with me that it would be all right for the committee to hear representations from organizations representing these people?

Mr. Abbott: That should be a matter for the committee to decide, but speaking personally I have no objection to it.

Mr. Knowles: That means a lot.

Resolution reported, read the second time and concurred in.

Mr. Abbott thereupon moved for leave to introduce Bill No. 334, to provide for the superannuation of persons employed in the public service of Canada.

Motion agreed to and bill read the first time.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): On Monday we shall consider the following measures: The third reading of Bill No. 228, to amend the Income Tax Act; Bill No. 331, to amend the Fisheries Research Board Act; Bill No. 330, to amend the Trans-Canada Air Lines Act, 1937; then two resolutions in the name of the Minister of Veterans Affairs, which stand as Nos. 6 and 7 on today's order paper; Bill No. 100, to prevent discrimination in regard to employment and membership in trade unions by reason of race, national origin, colour or religion; Bill No. 329, to amend the Emergency Gold Mining Assistance Act; Bill No. 333, to amend the Prairie Farm Assistance Act, 1939.

The house sits at eleven o'clock on Monday. Most of these are amending bills.

Mr. Drew: I should like to ask the government leader when it is intended to bring in the estimates of the Department of National Defence.

Mr. Fournier (Hull): I expect the return of the Prime Minister (Mr. St. Laurent) over the week end; but my thought was that on Tuesday we would move to go into committee of supply at eleven o'clock and I would call three departments, which would be allowed to stand. Then we would take up the estimates of the Department of National Defence all day Tuesday and all day Wednesday. I do not know if we can go any further because I understand that three ministers are to leave during that week end to attend NATO meetings in Paris. That is what I was thinking at the moment.

Mr. Drew: That was my reason for asking the question. I understand that the Minister of National Defence is to leave at the end of next week. There is no single department of government that calls for such attention as does the Department of National Defence. We all recognize that under that one department half of all the money to be taken from the taxpayers during the current fiscal year will be voted. That department should be dealt with in a manner that recognizes the amount of taxation involved and the importance of the questions and answers that will be asked and given. I think I must express my own opinion that there is nothing more important for the Minister of National Defence than to be here for a continuous examination of the estimates of his department.

Mr. Fournier (Hull): I have given the only answer I can at this time. On Tuesday we shall move to go into supply but if there are speeches on agriculture all day I will be in a bad fix to get into national defence. I ask hon. members for their co-operation to let me get into supply on that day. I might wait until Thursday, but that would be late in the week. That is why I propose to move on Tuesday.

As to the importance of the department, everybody agrees with the Leader of the Opposition, but I have noticed that discussion does not always go according to importance. I took three days for just a small fraction of the amount to be spent on national defence.

Mr. Drew: That is exactly the point. Can the minister inform us as to when the Minister of National Defence will be returning?

Mr. Abbott: He will be away for a week, I think.

Mr. Fournier (Hull): I gave that information without being sure. I shall have to consult my colleagues before giving a definite answer. The Leader of the Opposition may rely on my willingness to be co-operative and to help.

Mr. Drew: I can only say that the skill and dexterity with which the minister handled his own estimates is still apparent in his discussion of this subject. I understand from him that after the motion to go into supply on Tuesday is dealt with it is the intention to call the Department of National Defence?

Mr. Fournier (Hull): And go as far as possible.

It being five minutes after 10 o'clock, the house adjourned, without question put, pursuant to standing order.

APPENDIX

LETTERS OF C. M. DRURY AND JOHN STEVENSON

MARCH 12, 1953.

John A. Stevenson, Esquire,
Editor,
Saturday Night,
Toronto, Ontario.

Dear Mr. Stevenson:

In your column entitled "Ottawa Letter" in *Saturday Night* of March 14, you make the following statement:

"In the sessions of the select committee on defence expenditures, the persistent efforts of its chairman, Mr. Croll, and his henchmen to smother damaging evidence of governmental waste and mismanagement have not availed to prevent the opposition members from unearthing some very damning material to sustain their case. They are now licking their chops over some candid reports by important officials, and their severity can be gauged by the following two quotations:

'However, I could not fail to be impressed by the fact that for such a tremendous administrative machine there appears to be very little fighting strength', and 'a high percentage of the construction and other contracts were awarded on a cost plus basis, which the department itself has declared to be wasteful, inefficient, and an incentive to extravagance.'

It is very distressing when reputable journalists mislead the public, either through distortion or failure to take the trouble to ascertain the facts.

In your first quotation you may have some special knowledge not in my possession, but to describe the author of these remarks as "an important official" is stretching the truth beyond the breaking point.

With regard to the second quotation, its author is Arthur Blakely of the Montreal *Gazette*, writing in that paper under date of February 27. So far as I am aware, the government has not, as yet, appointed Mr. Blakely to any important office.

Yours sincerely,

C. M. DRURY,
Deputy Minister

HOUSE OF COMMONS
CANADA

THE PRESS GALLERY

OTTAWA, March 18, 1953.

Dear Mr. Drury,

You are the latest of a line of individuals ranging downwards from the late Lord Bennett and the late Mr. Mackenzie King, who have been "distressed" by my writings and I can only regard your distress over my reputation as a piece of childish condescension.

In respect to such strictures upon my work as yours I have always followed the maxim adopted by Disraeli in his dealings with women—"Never complain, never explain". But I will depart from it to the extent of referring you to the story written by Mr. Richard Jackson in the Ottawa *Journal* of March 16th and the admissions of the Prime Minister on the same day, which seem a complete answer to your charges about distortion and misleading the public.

I propose to ask the editor of Toronto *Saturday Night* to publish this correspondence between us.

I am,

Yours faithfully,

JOHN STEVENSON

Mr. C. M. Drury,
Deputy Minister of National Defence,
Ottawa.

P.S. Your letter was held up in Toronto and only reached me today.

J. S.

HOUSE OF COMMONS

Monday, April 13, 1953

The house met at eleven o'clock.

WHEAT

STATEMENT ON INTERNATIONAL AGREEMENT

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, on Friday last my parliamentary assistant read to the house the text of a press statement regarding the outcome of the prolonged negotiations for a renewal of the international wheat agreement. I now intend to supplement that statement by a brief account of the negotiations and to state the Canadian position with respect to the renewal of the wheat agreement.

The negotiations for a renewal of the agreement began in London in the spring of 1952. The United States at the outset proposed a price range of $1.90 minimum and $2.50 maximum for a period of four years. Canada saw no hope of an agreement at that level of prices and made an opening proposal of $1.75 minimum and $2.25 maximum, excluding carrying charges, which under the present agreement have amounted to the additional six cents per bushel. Australia indicated general agreement with Canada.

The importers did not make price proposals in London, but indicated that they considered the maximum price of $1.80 in the present agreement to be a fair basis for renewal if that maximum included carrying charges.

In Washington the negotiations began on January 30, 1953, where they had left off in London. The United States, supported by France, repeated its proposal on prices but for a period shorter than four years. Canada and Australia repeated their offer of $1.75 minimum, $2.25 maximum, for a period of four years. At this stage the importers made no proposals whatever.

In order to advance the negotiations the exporters unanimously declared that they would not enter into a new agreement at present maximum or minimum prices. The importers replied that they could contemplate an agreement at prices higher than in the present agreement but that they were not prepared to make a definite proposal unless the exporters were prepared to contemplate an agreement with a maximum below $2.25. The exporters unanimously met this condition by agreeing that a maximum below $2.25 would be acceptable.

The importing countries, then, on February 16, 1953, put forward their first offer of a minimum of $1.40 and a maximum of $1.95, inclusive of carrying charges. At that point there was a good deal of informal probing of the price positions on both sides extending over a period of some days. On March 6, the United States said that it was prepared to accept a maximum price of $2.15, inclusive of carrying charges. Canada and Australia supported the $2.15 maximum price as offering a reasonable basis on which to conclude an agreement for a three-year period with a minimum 50 cents below the maximum. A few days later the importing countries unanimously rejected the $2.15 maximum as unacceptable but indicated that there was some basis for compromise between the views of the exporters and importers.

On March 17, Canada, supported by Australia, declared that although they considered the maximum of $2.15 to be reasonable they were prepared to accept a maximum of $2.10 and a minimum of $1.60 in an effort to bring the views of the exporters and the importers into harmony.

A week later the importers replied to the Canadian and Australian proposals. They unanimously rejected the $2.10 maximum. A substantial number of them, representing well over a majority by number and a high proportion by quantity of wheat purchased under the agreement, declared that they could accept a maximum of $2.05, inclusive of carrying charges and a minimum of $1.55. A smaller number, but representing a substantial quantity of wheat, said that they could not agree to this level. Included was the United Kingdom which adhered to the importers' original offer of minimum $1.40, maximum $1.95.

This marked the turning point of the negotiations on price. The United States and the United Kingdom, being the largest exporter and the largest importer, respectively, held discussions in an effort to bridge the considerable gap that still separated them. Finally, on Thursday last, the United States announced that it was willing to accept the proposal of $1.55 minimum, $2.05 maximum, made by a substantial number of the importers. The United States delegate added that while the administration would, of course, recommend approval by the Senate

the maximum price to which he was agreeing carried the possibility of failure of Senate ratification. Australia and Canada fell into line. The United Kingdom, however, said that it was unable to accept a maximum price above $2.00.

When the motion to fix the minimum at $1.55 and the maximum at $2.05 for a period of three years was put before the council, only the United Kingdom voted against it, although a few other importing countries abstained.

I have summarized the course of these prolonged negotiations on prices so that hon. members will realize that there was a good deal of give and take on both sides at this wheat conference. Some people may think that the importing countries scored a victory by bringing the exporters down so far from their original ideas. Other people may think that the exporters did well to bring about an improvement from the levels of the present agreement. I suggest that if there was a victory, it was a victory for common sense. That such a wide measure of agreement was reached is evidence that with patience and perseverance and a generous portion of good will, views which may at one time seem so irreconcilable may be reconciled.

It is unfortunate that the council could not reach a unanimous conclusion. Yet I am impressed not by failure to reach complete unanimity, but rather by the fact that the proposal for a $1.55 to $2.05 range of prices received such a wide measure of support and so little opposition. After all, even the United Kingdom did not disagree with the minimum price of $1.55 and was within 5 cents of agreement at the maximum price.

A good deal more attention seems to be directed to the maximum than to the minimum price. Indeed, I have seen suggestions that the maximum of $2.05 will determine the price at which wheat will be bought and sold under the agreement during the next three years. This, of course, is not necessarily so. The forces of demand and supply are bound to affect the price, regardless of whether or not there is an agreement. The wheat agreement merely fixes the range within which prices can fluctuate.

The maximum price is intended to be a protection to the importing countries against prices for the quantities of wheat in the agreement going above that level, just as the minimum price is intended to protect the exporting countries against prices for the agreement quantities going below that level.

At the maximum the importing countries have rights, not obligations. They can demand that wheat be delivered to them at that level. But they do not have to take it. If they can buy wheat at cheaper prices they are free to do so, down to the minimum.

In effect, agreement to a maximum is what the exporting countries have to accept to get the importing countries to undertake to buy wheat at the minimum. As far as Canada is concerned, we look upon the minimum as being fully as important as the maximum. It is only because of the minimum that we are prepared to join in the agreement.

The Canadian delegation had, of course, worked for a unanimous recommendation and the government regrets that this was not possible. But it will be agreed, I think, that prices which were opposed by only one country out of 46, and which were approved by all except a very few countries which abstained when the vote was taken, do on the face of it provide a fair and reasonable basis for a renewal of the agreement. And, of course, the difference of 5 cents at the maximum between the United Kingdom and rest of the world is very small indeed and well within the margin of error of any forecast of price trends.

Having been in many negotiations with our good friends from the United Kingdom, I know that they are shrewd and hard bargainers and I respect them for it. Their final effort to bring the maximum price down by 5 cents was quite understandable. In a similar position the Canadian government might have done likewise. We tried very hard indeed to get an agreement at maximum and minimum prices 5 cents better than were finally recommended. It should be clear now, however, after fifteen weeks of negotiation, that an international agreement is possible on the basis of the prices recommended by the council and on no other basis. There is a bare minimum of time left for signature and ratification before the beginning of the new crop year.

The agreement will be open for signature for a period of two weeks. The Canadian delegate has already been authorized to sign on behalf of Canada, and will do so today.

We hope the United Kingdom will also sign. While it is possible, and may be necessary, to have an international wheat agreement without the United Kingdom, that is obviously most undesirable. Canada would not be happy. We would not like to be dealing with our best wheat customer on one basis and with our other customers on another. And the government would regret to see relations between our two countries adversely affected either by failure of the agreement to go ahead because the United

Kingdom did not adhere, or because there was an agreement without the United Kingdom.

During the conference, as my summary has indicated, Canada's chief purpose was to harmonize the views of the importers and the other exporters, in particular the United States. To be perfectly frank, we encouraged the United States to modify their original ideas to the point which we thought would provide a reasonable basis for settlement. From time to time, we led the way. Finally, however, it was clear that any further reductions would jeopardize the chance of acceptance by the United States Senate and would probably be unacceptable to the farmers of Canada and Australia. At that point, fortunately, the main body of the importing countries could agree, and thus the council was in a position to make a recommendation supported by an overwhelming majority.

I am confident that the United Kingdom shares our belief in the underlying purposes of the wheat agreement. Their declarations on this point and their agreement with the recommended minimum price of $1.55 are evidence of that belief. I hope that they will join the rest of us by agreeing to just a little less protection at the ceiling than they had tried to get.

May I add a word or two on the question of quantities. As further evidence that the proposed range of prices is reasonable under all the circumstances, requests were made for increases in their guaranteed quantities by many importing countries, adding up in total to very large amounts. Unfortunately, because of a series of short crops, Australia, on the exporting side, could not agree to maintain her quota and submitted a lower figure. It was, therefore, impossible to meet all the requests for increases by the importing countries. Canada, however, agreed to increase her guaranteed quantities from 235 million bushels, which applies during the final year of the present agreement, up to 250 million bushels for the three years of the new agreement. The agreement will relate to approximately 600 million bushels if all countries join. A guaranteed quantity for the United Kingdom is included at the present level of 177 million bushels.

The new agreement will come into force if signed by April 27 and accepted by July 15, 1953, by importers representing 50 per cent of the guaranteed quantities, and by exporters representing 50 per cent of the guaranteed quantities. There is provision for withdrawal by any exporting country if an important importing country fails to accept, and vice versa.

May I add that throughout the negotiations the position taken by the Canadian delegation had the unanimous support of the five farm advisers—Messrs. Parker, Wesson, Plumer, Brownlee and Coates. The government is grateful to them for their assistance and their patience.

I cannot speak too highly of the work of Canada's three official delegates, M. W. Sharp, W. C. McNamara, and Dr. C. F. Wilson. Their skill as negotiators, their patience and industry, were in my opinion responsible for avoiding a breakdown in the lengthy negotiations. Their efforts to reconcile the conflicting views of the largest exporter with those of the largest importer were tireless and, I believe, effective to a high degree.

The present international wheat agreement is one of the few successful international commodity arrangements. The measure of its success is that the 46 member countries were willing to spend five weeks in London and ten weeks in Washington trying to agree on terms of renewal, and that they were almost able to reach unanimity in their final recommendations.

In the light of this success and these efforts, I think there is reason to be hopeful that the agreement will continue in full vigour for another three years. The Canadian government will leave no stone unturned to achieve that objective.

Mr. Diefenbaker: Mr. Speaker, I rise merely for the purpose of asking one or two questions. I realize that the matter is not debatable at this time but I am sure Your Honour would raise no objection if I say that, in my opinion, the prices set will be disappointing to the expectations of the western farmers.

The questions I rise to ask are these. Does the minister believe that it will be possible to make an international wheat agreement either effective or even operative without the participation of Great Britain? Second, in the anticipated agreement is there any provision for escalator clauses to cover possible rises in the cost of production? Finally, will the minister say which were the importing countries that abstained from voting when the final determination as to prices was made?

Mr. Howe: Mr. Speaker, the answer to the first question is yes. The answer to the second question is no. The countries that abstained from voting were New Zealand, Greece, Ceylon and India.

Mr. Thatcher: Mr. Speaker, may I ask a supplementary question of the minister? Would he say whether he or some other minister would contemplate flying to Britain

within the next two weeks in order to see whether or not the British cabinet could be persuaded to sign this agreement?

Mr. Howe: Mr. Speaker, it is not customary to announce government policy in advance. If I do fly to England I will certainly let the house know after I return what transpired.

QUESTIONS

ST. HUBERT, QUE.—HOUSES SOLD AS SURPLUS CROWN ASSETS

Mr. Fulton:

1. What are the particulars of the item shown as two buildings at St. Hubert, Quebec, sold as surplus crown assets to Raoul La Forest, Montreal, for $5,600, as shown at page 22 of the Crown Assets Disposal Corporation report for 1950-51?

2. What were their dimensions and for what purpose had they been used?

3. What was the original cost of these buildings?

4. Were tenders invited for the purchase of these buildings?

Mr. Dickey:

1. Two frame "H" huts Nos. 12 and 15 R.C.A.F. station, St. Hubert, Quebec.

2. No. 12 (other ranks quarters) being 1-storey "H" hut consisting of 2 sections: 120′ x 24′ and centre section 60′ x 24′.

No. 15 (other ranks quarters) being 1-storey "H" hut consisting of 2 sections: 120′ x 24′ and centre section 60′ x 24′.

3. The report of surplus gave the cost of these two buildings as follows: No. 12, $26,426.08; No. 15, $24,298.10.

4. Yes, for the purchase and removal of the buildings, as they had deteriorated beyond economical repair.

ST. HUBERT, QUE.—BUILDINGS SOLD AS SURPLUS CROWN ASSETS

Mr. Fulton:

1. What are the particulars of the item shown as three buildings at St. Hubert, Quebec, sold as surplus crown assets to Armand Guy, Jonquiere, Quebec, for $6,000, as shown at page 22 of the Crown Assets Disposal Corporation report for 1950-51?

2. What were their dimensions and for what purpose had they been used?

3. What was the original cost of these buildings?

4. Were tenders invited for the purchase of these buildings?

Mr. Dickey:

1. Three frame "H" huts Nos. 9, 10 and 14, R.C.A.F. station, St. Hubert, Quebec.

2. No. 9 (other ranks quarters) 1-storey "H" hut; 2 sections: 120′ x 24′; centre section: 60′ x 24′.

No. 10 (other ranks quarters) 1-storey "H" hut; 2 sections: 120′ x 24′; centre section: 60′ x 24′.

No. 14 (other ranks mess) 1-storey double "H" hut; 2 sections 120′ x 40′; 1 section: 60′ x 40′; 1 section: 40′ x 40′; lean-to 20′ x 38′.

3. The report of surplus gave the cost of these three buildings as follows: No. 9, $22,744.07; No. 10, $22,774.10; No. 14, $53,868.18.

4. Yes, for the purchase and removal of the buildings, as they had deteriorated beyond economical repair.

R.C.A.F. TRUCKS—GRAVEL BOXES

Mr. Harkness:

1. How many R.C.A.F. trucks, equipped with gravel boxes, have been brought into Calgary, Alberta, for repairs?

2. Where had these trucks been used?

3. What was the average mileage on these trucks and what was the nature of the repairs made?

4. Were the welded seams on the gravel boxes of these trucks ground off smooth? If so, for what reason?

5. What is the total amount which has been paid, or will be paid, for the repair of these trucks?

Mr. Campney:

1. Ten.

2. Churchill, Gimli, Macdonald, Penhold, Comox and Edmonton on construction work being done by No. 2 construction maintenance unit, Calgary.

3. 24,639 miles. All trucks to be completely overhauled. To date only one has been completed.

4. The contract does not include grinding of the welded seams on the gravel boxes. This was begun on the first truck but stopped as not being called for.

5. Total estimated cost is $20,000.

C.B.C. BUILDING, WINNIPEG, MAN.

Mr. Churchill:

1. What was the original cost of acquisition of the Canadian broadcasting building on Portage avenue, Winnipeg, Manitoba, and from whom was it purchased?

2. What is the total amount spent or contemplated to be spent on the structure, not including equipment?

3. Is the building as now constituted, large enough for the future television broadcast programs contemplated?

4. Is the Canadian Broadcasting Corporation giving consideration to acquiring other buildings in Winnipeg for the purpose of television broadcasts?

Mr. McCann:

1. Purchase price, $260,000. Purchased from James Richardson & Sons, Limited.

2. The estimated cost of structural alterations, and new construction, converting this building for sound broadcasting use as studios

and offices exclusive of technical equipment is $523,425.

3. Yes.

4. No.

OYSTER LEASES

Mr. Robichaud:

1. What was the total amount collected by the Department of Fisheries in rentals for oyster leases, during the year 1952, in each of the following provinces: (a) Prince Edward Island; (b) Nova Scotia; (c) New Brunswick?

2. Were any rentals on oyster leases collected during the same year in any other province? If so, (a) in what other province or provinces; (b) what was the total amount collected in each of said province or provinces?

3. How many oyster leases were in force, during the year 1952, in the following counties of the province of New Brunswick: (a) Gloucester; (b) Kent; (c) Northumberland; (d) Westmorland?

4. What were the total amounts collected by the department in rentals on oyster leases, in each of the above-mentioned counties, during the year 1952?

5. What has been the total cost of administration, including personnel, of the departmental staff charged with the collection of said rentals on oyster leases, during the year 1952?

Mr. MacNaught:

1. 1952-53 to March 31 (not final)

(a) Prince Edward Island	$1,224.75
(b) Nova Scotia	243.33
(c) New Brunswick	350.50
	$1,818.58

2. No.

3. (a) Gloucester—420.

(b) and (c) Kent and Northumberland—not under federal jurisdiction.

(d) Westmorland—6 Shediac bay only under federal jurisdiction.

4. Gloucester—$331.50.
Westmorland—$19.
Kent and Northumberland—not under federal jurisdiction.

5. It is not possible to segregate the cost.

"EXTERNAL AFFAIRS"

Mr. Diefenbaker:

What was the February, 1953, press run of "External Affairs"?

Mr. Bradley:

1. English	7,880
French	955
	8,835

It may be noted that the above quantities include copies requisitioned for use by the external affairs department and the United Nations and for sale and authorized distribution by the Department of Public Printing and Stationery.

QUESTIONS PASSED AS ORDERS FOR RETURNS

MAPLE PRODUCTS EQUIPMENT

Mr. Jones:

1. What has been the amount paid each year for compensation to replace maple products equipment since the assistance was first started?

2. How many buckets have been replaced?

3. How many buckets are normally in use during the season?

4. Approximately how many more buckets or equipment have to be replaced?

RUSSELL G. MANN, JOHN BERRY

Mr. Coldwell:

1. Have Mr. Russell G. Mann and Mr. John Berry (or Barry), both of Kyle, Saskatchewan, been employed with P.F.A.A.? If so, for how long?

2. In what capacity or capacities have these men been employed and where did they work for P.F.A.A.?

3. At what places were they employed and on what dates?

4. What salary and expenses has each of these men been paid per annum since becoming employed with P.F.A.A.?

IRRIGATION—SOUTH SASKATCHEWAN RIVER—COMMISSION COUNSEL

Mr. Diefenbaker:

1. Who were the counsel on the royal commission on the South Saskatchewan river project?

2. How was the sum of $66,935.07, being the expenditure for counsel as set out in sessional paper No. 170C of March 27, 1953, distributed, and to whom?

ROYAL COMMISSIONS—LEGAL FEES

Mr. Coldwell:

1. What royal commissions were appointed by the federal government from January 1, 1942 to the present time?

2. Were legal fees paid by the federal government in connection with these royal commissions during this period?

3. If so, what were the legal fees paid in connection with each royal commission?

MOTIONS FOR PAPERS

SERVICE PERSONNEL DEPENDENTS—RELIEF PAYMENTS

Mr. Bryce:

For a copy of all correspondence, telegrams and other documents from the 20th day of November, 1952 to date, exchanged between the Minister of Justice and the town of Gimli, Manitoba, regarding relief payments to dependents of service personnel.

Mr. Garson: Mr. Speaker, we have no objection to having this motion passed subject to our getting the town of Gimli's approval of the production of the papers. I do not think there will be any difficulty.

Inquiries of the Ministry

TELEVISION, SASKATCHEWAN

Mr. Diefenbaker:

For a copy of all correspondence, letters, telegrams and other documents, since the first day of January, 1951, which have passed between any person or persons containing applications for the right to establish television station anywhere in the province of Saskatchewan, or requesting information as to the terms and conditions upon which consideration to private companies to construct such stations would be considered.

Mr. Chevrier: Mr. Speaker, there are two difficulties in the way of this notice of motion. One is a question of interpretation. If my hon. friend reads the notice of motion, I am sure he will realize that it is not clear. I do not know what he means by it. For instance, it is set out that there is required—

—a copy of all correspondence, letters, telegrams and other documents, since the first day of January, 1951, which have passed between any person or persons . . .

Then it goes on to deal with certain applications. This might mean that it were to cover correspondence between Mr. X in Regina and Mr. Y in Regina or Mr. X in Saskatoon and Mr. Y in Saskatoon. With all due respect to my hon. friend may I say that, if he will be good enough to couch the motion in one of the two official languages of this house, I shall be glad to see that he gets a reply. When he does indicate that the motion is one which I presume is directed at the Department of Transport, then may I say to him now, so there will be no loss of time, that there is no objection to the motion as presumably reworded with this one exception, that all letters, correspondence, telegrams and so forth should, I take it, be produced with the exception of the application itself. It has been the policy not to produce the application, and for technical and financial reasons I take it that it should not be produced. I do not think my hon. friend will want that. Subject to that, I presume the order could go through.

Mr. Speaker: Do I understand that the motion is to be dropped and reworded or does it carry in its present form? I take it that the motion is to be dropped and reworded.

Some hon. Members: Agreed.

Mr. Speaker: Motion dropped.

ATOMIC ENERGY

REQUEST FOR REPORT ON CONFERENCE AT CHALK RIVER

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, will the Minister of Trade and Commerce give the house a report on the atomic energy conference which took place at Chalk River last week?

Right Hon. C. D. Howe (Minister of Trade and Commerce): The conference held at Chalk River last week was a conference of technicians who met to discuss with their colleagues from other countries the problem of a further declassification of atomic energy information. It was not a meeting at which decisions were made. It was a meeting to formulate recommendations that could be made to the appropriate authority of the countries represented by these men. I have not heard the results of the conference, but that was its purpose.

Mr. Green: Will it be possible to make an announcement at a later date?

Mr. Howe: If the final decision is to further declassify atomic energy information, most certainly an announcement will be made in every country.

CANADIAN PRISONERS OF WAR

MEETING OF REPRESENTATIVES OF NATIONAL COUNCIL WITH GOVERNMENT

On the orders of the day:

Mr. A. J. Brooks (Royal): I should like to direct a question to the Secretary of State. Has the government arranged to meet representatives of the national council of Canadian prisoners of war? If so, when is such meeting to take place?

Hon. F. G. Bradley (Secretary of State): The hon. member's question was handed to me just a few minutes before I entered the house. I shall be glad to take it as notice and let him have an answer in due course.

Mr. Brooks: I do not see why the Secretary of State needs notice at all.

Mr. Speaker: Order.

LABOUR CONDITIONS

STRIKE OF GRAIN HANDLERS—REQUEST FOR FURTHER REPORT

Mr. Angus MacInnis (Vancouver East): Mr. Speaker, there have been reports over the radio and in the newspapers indicating that considerable activity has been taking place in connection with the negotiations with respect to the grain handlers, dispute on the west coast. Will the minister bring the house up to date?

Hon. Milton F. Gregg (Minister of Labour): There is nothing of a definite nature that I can report to the house but perhaps I may be permitted to bring the house up to date

following the statement I made on the 24th of March, to be found at page 3230 of *Hansard*. I placed on record at that time the proposal which our chief conciliation officer, Mr. Wilson, had made to both parties with the object of effecting a settlement. No formal reply was received from either party until toward the end of last week. In the late afternoon of April 9 the following wire was received from Mr. R. H. Tupper on behalf of the employers. The wire is addressed to Mr. Bernard Wilson, chief conciliation officer, Department of Labour, and reads as follows:

Referring your letter March 20th regret delays arising from settlement of Port Arthur differences prevented earlier reply. Am directed by all five elevator companies concerned in dispute in Vancouver and New Westminster to inform you that they leave open their offer to grant two additional statutory holidays, an increase of 5 cents per hour in present graveyard shift differential, payment of double time for all work done on Sundays and to provide where practicable for proper job rotations provided the union will join with the companies in submitting as the only outstanding difference to be determined the question of wages for arbitration before a judge of the Appeal Court or Supreme Court of British Columbia.

On the next day, the 10th of April, the following wire was sent at 1.46 p.m. Pacific time by Mr. E. C. Sims on behalf of the unions. This wire reads as follows:

Re your wire April 9—

I should interject that the terms of the wire I have just read were conveyed to the unions. This wire is also addressed to Mr. Wilson. I continue:

—we note the companies have rejected your proposal of March 20th and submitted counter proposal re arbitration. I am instructed to inform you this counter proposal has been rejected and your March 20th proposal will be taken to membership tomorrow for acceptance or rejection. Will inform you of results.

On the next day, the 11th of April, the following wire, addressed to Mr. Wilson, was sent by Mr. Sims at 11.40 p.m. Pacific time:

Full general membership meeting held today. I am instructed to inform you that question put re acceptance or rejection of your proposal of arbitration dated March 20. Motion carried rejecting the proposal with twenty-nine dissenting votes. Results of vote indicate same strength as when strike vote taken. Manner of voting decided by motion of membership. Results indicate tie-up to go on indefinitely unless employers change attitude toward wage question and fringe benefits.

Since the receipt of these wires we have continued our efforts to bring the parties together for further negotiations. I can report nothing further this morning.

Mr. Green: Does the minister still think it would be of no value to invite representatives to come to Ottawa?

Mr. Gregg: I do not think that there would be value in taking that step at this time.

GRAIN

INQUIRY AS TO 1953 INITIAL PRICE FOR WHEAT, OATS AND BARLEY

On the orders of the day:

Mr. J. A. Ross (Souris): I should like to ask the Minister of Trade and Commerce if he is in a position to announce what initial prices will be paid by the Canadian wheat board for wheat, oats and barley produced in 1953. If he is not in a position to do so now, when may such an announcement be expected?

Right Hon. C. D. Howe (Minister of Trade and Commerce): My hon. friend will appreciate that the situation is too uncertain at the moment to permit an announcement of that kind. When matters regarding the wheat agreement have been clarified, an announcement will be made.

Mr. Ross (Souris): Not before seeding, in other words.

NATIONAL DEFENCE

INQUIRY AS TO TABLING OF WHITE PAPER

On the orders of the day:

Mr. D. S. Harkness (Calgary East): I should like to direct a question to the Minister of National Defence. Does the minister propose to table a white paper on defence this year, as has been done in the past several years? If so, will he be in a position to table it today so it may be in the hands of members before the defence debate commences, which is scheduled for tomorrow?

Hon. Brooke Claxton (Minister of National Defence): I had confidently expected that the queen's printer would have the white paper here in time to table it at the opening of the session this morning. I expect it within an hour or so, and if I may intervene then I shall revert to motions and table it the moment it is received.

[*Later:*]

Mr. Claxton: If I may have permission to revert to motions, I should like to table a copy of "Canada's Defence Program, 1953-54."

Mr. Knowles: May I ask the minister if there will be the usual copies available for all members?

Mr. Claxton: Yes, they have just arrived at the distribution office.

Inquiries of the Ministry

EXTERNAL AFFAIRS

INQUIRY AS TO WHEREABOUTS OF BISHOP CUTHBERT O'GARA

On the orders of the day:

Mr. W. J. Browne (St. John's West): I should like to direct a question to the Acting Secretary of State for External Affairs. I tried to get in touch with him and left notice at his office. Has the Canadian government made any inquiries regarding the whereabouts of Bishop Cuthbert O'Gara of Ottawa, a member of the Passionist order, who was last reported on March 21 to be on his way to Hong Kong via Canton from somewhere in China but who has not yet arrived at his destination?

Hon. Brooke Claxton (Acting Secretary of State for External Affairs): We have not been informed so far that Bishop Cuthbert O'Gara, the Canadian church official referred to by the hon. member, has been released from prison by the Chinese communists. On March 26 we were informed that he was seriously ill. We immediately asked our high commissioner in London to approach the foreign office, requesting them to instruct their chargé d'affaires in Peking to make representations to the Chinese government on behalf of the bishop. As yet, no reply has been received.

CRIMINAL CODE

INQUIRY AS TO AMENDMENT ALLOWING PROVINCIAL LOTTERIES

On the orders of the day:

Mr. Paul E. Gagnon (Chicoutimi): I would like to ask the Minister of Justice whether the government is considering an amendment to the Criminal Code to allow the establishment of provincial lotteries.

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, the answer is no.

INQUIRY FOR RETURN

WOODFALLE SCHOOL, ROCKCLIFFE—CURRICULUM

On the orders of the day:

Mr. A. M. Robichaud (Gloucester): I should like to ask the Secretary of State (Mr. Bradley), for the third time, when a reply may be received to an order for return appearing in my name and passed by this house on January 28, over two and a half months ago.

Some hon. Members: Order.

Mr. Speaker: The hon. member has asked his question.

Hon. Brooke Claxton (Minister of National Defence): I might answer the query because it concerns the affairs of the Department of National Defence. We have been ready for some time to table such correspondence as there is, but we are still awaiting a reply from a provincial government whose consent is necessary before the tabling of it.

Mr. Robichaud: May I ask the minister a supplementary question? Which government is it?

Mr. Claxton: The government of Ontario.

PACIFIC SECURITY CONFERENCE

INQUIRY AS TO CANADIAN REPRESENTATION

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, may I ask the Acting Secretary of State for External Affairs (Mr. Claxton), whether Canada has any representative or observer at the Pacific security conference which opened in Honolulu a week ago today.

Hon. Brooke Claxton (Acting Secretary of State for External Affairs): We made inquiries concerning the character of these talks and the information received was that their purpose was to have an exchange of views, of a technical military character, between the countries which have forces committed in that area. Consequently, we did not seek to have any Canadian representative in attendance as an observer or otherwise.

Mr. Green: Can the minister tell us what countries are taking part?

Mr. Claxton: There are the members of the ANZUS alliance, I understand—and I do not know whether there are others.

Mr. Green: I think also the United Kingdom and France.

INCOME TAX ACT

Hon. Douglas Abbott (Minister of Finance) moved the third reading of Bill No. 228, to amend the Income Tax Act.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, before third reading is given to this bill to amend the Income Tax Act there are one or two things I would like to say. In the first place I wish to say that this bill does nothing to narrow the tremendous gulf that exists in our income tax legislation between business and professional people on the one hand and the ordinary worker on the other.

I speak with particular reference to the matter of deductions or exemptions that are allowed to these two groups of taxpayers. This matter was particularly drawn to my attention, although I have spoken of it in

the house on previous occasions, when I received through the mail a few days ago a little vest pocket booklet entitled "Canadian Pocketax, 1953" which has been issued by the National Trust Company Limited, 250 Portage avenue, Winnipeg. It seems to me to be quite up to date and to take into consideration the changes being made this year in our income tax legislation. It is one of those little booklets that various firms sometimes put out to advise people as to their rights and privileges, as well as their obligations, under the Income Tax Act.

What interested me particularly, as I went through the pages of this little booklet, was to find that it takes more than four pages to list what are known as deductible items. The deductible items on these four pages are listed under a total of 46 main headings. If one were to break down these main categories into the subdivisions that are included he would find that the number is much larger. However, when one goes through these deductible items, and when one reads the preliminary paragraphs commenting on them, it becomes clear that this long list of deductions is not available to the ordinary worker when he files his income tax return.

The ordinary worker, as a matter of fact, finds himself for the most part limited to just four possible deductions, apart from his personal or family or statutory exemptions. Those four which are available to the ordinary worker, if he meets the required conditions, are: Deduction for contributions to an approved pension plan; deduction for allowable trade union dues; deduction for charitable donations; and a deduction for medical expenses, but only on that portion of expenses which exceed, from now on, 3 per cent of his gross income.

Beyond these four there are no deductions available to the average worker. In other words, when he gets his pay and when he is confronted with his income tax bill, he has had it. His tax, for the most part, is a tax on what he actually gets—and there is no fooling around with it. For the other group who are on what is called "gross income", whether it is because they operate a business or are in the various professions, there is, as I have pointed out, this long list of deductions which the National Trust Company has listed in this little book. I am not going to take the time of the house to read all of these forty-six main headings but I would like to name some of them. Here they are: Accounting expenses; advertising expenses; appraisal costs for insurance; bad debts; carrying charges; carting charges; efficiency experts' fees; industrial engineers' fees; insurance premiums; fire, theft and group insurance premiums deductible by the employer; interest on borrowed money; interest on succession duties; legal expenses to collect past due debts, to defend actions under the Combines Investigation Act, and to protect the right to do business; production control costs; raw material costs; promotional expenses; secretarial expenses; taxes on real estate; cost of technical assistance; and telephone, and so on.

As I say, Mr. Speaker, I have not read all of them but those are some of the main headings in this list of forty-six deductible items set out in this little booklet. It is very interesting to get this little book and to find that so many deductions are permitted, but it only draws attention to the tremendous gulf that this government's income tax legislation has established between the people who get their income in what is called a "gross form" on the one hand—business and professional people—and the ordinary working people who are on salary or receive a pay envelope on the other.

Of that list the latter taxpayer is limited to the four deductions I read out earlier. Incidentally, my colleague from Vancouver East (Mr. MacInnis) points out that a telephone is an essential to the earning of a livelihood in the case of many workers, such as railway men, who must have a telephone so that they can be called. But they do not get such a deduction. There are travelling expenses which are an essential part of the earning of a livelihood of many industrial workers, but for the industrial worker who is on wages they are not allowed. He gets none of these many deductions available to business and professional people. He is limited to the four which I have read, as anyone can see by referring to the short income tax form. He gets his deduction for a pension plan, provided it has been approved by the department; some are and some are not. He gets his trade union dues allowed, provided those dues are for the purposes spelled out in the act. He gets charitable donations allowed, up to a certain amount, provided he has the receipts. There are many instances where charitable donations are made by individuals who are unable to get receipts for them. As for medical expenses, of course, he gets only those expenses that are set out in the act, and he gets only that portion in excess of 3 per cent of his gross income.

Now, I suggest, Mr. Speaker, that this is a serious matter and that something should be done to narrow that gulf. If the minister is not prepared to widen and extend the exemptions that are allowed to the ordinary worker, I submit that he should apply the

axe to many of those deductions and exemptions that are allowed to that other group. Surely, the one principle that should characterize our income tax legislation is fairness. Here is a place where unfairness persists, and I strongly urge the minister to reconsider this whole question. This is not the first time I have made this appeal to the minister, but I point out that there has been no narrowing of this gulf in the legislation presented this year. In fact, some of the so-called technical changes in the bill now before us have actually widened that gulf, for they extend still greater concessions to those on the business or professional side of the picture.

I remind the minister again of a particular example of this unfairness which has to do with the fact that the government has, as yet, done nothing about the ruling of the income tax appeal board to the effect that the expenses of lawyers attending conventions of the bar association are deductible. The minister has said this is a matter for the courts to decide. I remind the minister that when the courts have made decisions on other matters that were at variance with what the government had intended the legislation to provide, they have changed the legislation so as to make it conform to what they originally intended. I could cite other cases, but I shall stick to income tax matters.

The minister remembers the Bond and Rutherford case back in 1946, when Mr. Justice Thorson of the exchequer court ruled that the fees of those two lawyers to the law society were to be allowed as deductible, even though they were on a net salary rather than on gross income. It was very interesting to note that, in that particular case, no action was taken by the government to change the law to meet what had been their original intention. In that instance lawyers were involved, but a few years later another judge of the same exchequer court, Mr. Justice Angers, ruled that the same right to deduct fees paid to an association should be extended to trade unions, and the government immediately amended both the old income war tax act and the Income Tax Act so as to make the law read the way they had intended in the first place. The government simply said that they recognized the decision by the exchequer court as indicating what the law meant as it was then written, but they did not mean that so they changed the law to make it read the way they intended. Fortunately, that chapter has a much brighter sequel in that the government was later persuaded to change the law to grant the right of deductibility in respect of trade union dues.

[Mr. Knowles.]

But then we come to the case of Mr. Parkinson, the lawyer who claimed deductibility for his expenses in attending a convention of the bar association. He made out his income tax form including those expenses as a deductible item, but the department rejected his claim. I think it is fair to assume that the department knew what the government intended. As soon as Mr. Parkinson had his claim denied by the Department of National Revenue, he took his case to the income tax appeal board, which board acts now in these cases instead of the exchequer court. Mr. W. S. Fisher, Q.C., of the income tax appeal board, ruled that as the law read Mr. Parkinson, even though he was on a salary, had the right to deduct his expenses to the convention of the bar association. Surely that is a case where it is quite clear that the income tax appeal board has ruled that the law says something different from what the government intended it to mean. What happened back in Mr. Cooper's case with regard to trade union dues? Actually the same thing, and when that happened, the government changed the law to make it say what they intended it to mean. But now in the case of Mr. Parkinson and the expenses of lawyers attending the bar association when a corresponding judicial body says that the law means something the government never intended it to mean, the government refuses to take any action.

I submit that in all fairness the government should do one or the other of two things. Either they should amend the law so as to permit deductibility for expenses to conventions to be extended to all trade unionists, farmers, those attending church conventions, school teachers and all the rest, or they should amend the law to make it clear that lawyers do not have that particular right. I have no particular quarrel with my lawyer friends in the house, some of whom are staring at me while I am making these remarks. As a matter of fact, I believe most of them will agree with me, whether or not they are personally affected, that there should be fairness in respect of this matter.

Mr. Speaker: I do not know whether the hon. member was referring to me as one of the lawyers who were staring, but if so the reason I was staring at him was that I was rather concerned about whether he was in order. As the hon. member knows, on third reading of a bill a member can discuss only what is in the bill. He cannot go beyond the bill as it is presented for third reading. It seems to me he is getting away from the bill as presented to the house for third reading.

Mr. Knowles: I want to say at the outset that I was not referring to you, sir, as one of the lawyers who were staring at me. I shall not go so far as to name the ones to whom I referred, but may I just say that it did seem to me that on third reading it was proper to deal with the general principle of this bill. However, I assure Your Honour that I have said all I need to say on that particular subject. I feel I should point out that this bill amends the Income Tax Act, and some of its changes involve widening the exemptions and the deductible items that are provided in the Income Tax Act. I was expressing my regret—if Your Honour feels I have gone far enough, I shall leave it at that—that at a time when changes were being made in the provisions for deductibility, the government had not seen fit to make the necessary change to clear up this injustice, this inequity. During the course of the debate, when we were in committee of the whole on the bill, the Minister of Finance (Mr. Abbott) said in a number of instances that the reason for the point he was introducing was to clear up an inequity or an injustice. Well, I have cited what I regard as a gross inequity, a gross injustice, and I hope that one of these days soon it will be cleared up.

I leave that item as I have put it, Mr. Speaker, and I suggest that it is another example of the case I was making earlier, namely, that there is too wide a gulf between the treatment accorded by the Income Tax Act, as we are now amending it, to the business and professional groups on the one hand and to the ordinary workers on salary on the other.

There is just one other comment I wish to make and then I shall take my seat. I do this very briefly; I do it by no means in any argumentative tone but rather just to place my position on the record with respect to it. Earlier in this session, in connection with one of the taxation bills, the Minister of Finance, not on a point of order and yet with reference to a matter of procedure, expressed the view that it was proper to precede a taxation bill with a resolution much shorter in form than that to which we are accustomed. In fact, he said it was now his view that it was not necessary, in the resolution preceding a taxation bill, to spell out the proposed changes. He said that all that was necessary was to bring in a resolution saying that it is expedient to amend such and such a bill. The Minister of Finance did not contend that he was going to change the practice now being followed, and I am sure that he does not intend to do so. I am sure that for his purposes the present practice of presenting resolutions which give a certain amount of detail is much more satisfactory. Because I am sure he has no such intention I do not wish to argue the point; I simply wish to say this. I have secured the memorandum on this matter to which the Minister of Finance referred the other day, and which he invited us to secure, and I must say—and this is the point that I wish to put on the record—that in my view the memorandum is well put with respect to another matter, but it does not deal with this point at all. It is a memorandum on the question as to whether or not a resolution preceding a money bill should stipulate the maximum amount of money to be included in that bill. That is a different question altogether in my humble but very considered opinion.

The memorandum to which the minister refers really does not deal with the point he was speaking about the other day, and since it does not deal with it, it does not back up his case in the way that he seemed to feel it did. Now, I am not going to go into it in any detail; I am not going to argue the point, but I simply felt that the minister having said what he did the other day I should report that I have read the memorandum, and that, in my view, it would be very difficult for him to make a case on it for the proposition that he gave the house. I leave it at that because I am satisfied, as I have already said, there is no intention to change the practice; that it is more satisfactory for the minister as well as for the house as a whole to follow the present practice of bringing in, prior to taxation bills, resolutions that give us a fair amount of detail as to what is to be expected in the bills themselves.

Mr. J. M. Macdonnell (Greenwood): I should like to make one or two brief comments. In the first place I should like to associate myself with what the hon. member for Winnipeg North Centre (Mr. Knowles) has just said. I was surprised at the breadth of the statement made by the minister the other day, but I do not propose to deal with it because I think in fact that in practice we shall find that the minister does not go the length which that statement might be presumed to take us.

This bill is like the curate's egg, Mr. Speaker. It is good in parts and therefore we are not going to propose an amendment; nor shall we oppose the bill. There are certain things in it which we have approved again and again, namely, the reduction of the income tax on persons and corporations. But on the other hand I wish very briefly to reiterate the fact that there are certain things

in the bill which we have disapproved and which we still disapprove. I wish to maintain that position to the end.

We are not able to bring about any alterations in these, but we have of course continued to disapprove of the fact that the sales tax has been unaltered. We have pointed out that it means the great bulk of the people benefit very little from the present budget. We sought to have relief given to municipalities and school boards on their purchases, but that is denied us. Mr. Speaker, that is all I wish to say.

Mr. H. W. Herridge (Kootenay West): I am going to be very brief. I intended to say a few words on second reading, but the hon. gentleman who has just spoken failed to take part in the debate on second reading and it passed before I realized it.

We in this group regret this Income Tax Act still provides for the income taxation of co-operatives. We believe that co-operatives are the economic hope of the world, and we think that the government would be doing a great service to this country if they would eliminate those sections in the act that provide for the taxation of co-operatives. In that respect I am going to be quite brief because I realize a good deal of time has been spent on this bill. I do want to quote what Canon Coady had to say in this respect:

> It has been said that nature is red in tooth and claw. This is the philosophy of the survival of the fittest, but it is fundamentally erroneous. Co-operation, more than competition, is the chief factor in survival. Nature at its best is co-operative. We see it in the human family, the primary unit of society.
>
> Co-operative nations can make the world a family. There is here the germ of universal peace. Until this foundation is laid for peace, there is not much hope for the future.

This excerpt is taken from "Social Significance of the Co-operative Movement".

We believe exactly as the canon does in that respect. A large number of my constituents are very concerned about the income taxation of co-operatives. We were very sorry indeed that the government decided, shall I say, to surrender to the views of the Canadian Chamber of Commerce, who presented a brief to the royal commission on co-operatives in 1945, and to illustrate its point of view I want to quote from that brief. It was an excellent brief from the chamber's point of view. It dealt with the position of co-operatives so far as taxation is concerned, and in one paragraph it said this in part:

> After a slow rate of growth over many decades the rapid expansion of co-operatives and mutuals in Canada has been substantially enhanced by their exemption from liability for income taxation. The record supports that conclusion. While this position of special privilege is maintained the expansion of co-operative and mutual associations will continue, leading finally to the removal of a considerable part of the commerce of the country from the taxable to the tax-exempt form of business organization.

From the point of view of the business interests, that is a sound analysis of the situation. However, we in this group believe that the co-operative movement is a movement that should be supported in every way possible and that this government could not assist such a movement to better advantage than by removing the income taxation of co-operatives at this time.

While we agree with various deductions made for travel expenses in the act, before taking my seat I do want to bring to the attention of the house and the minister again the fact that we believe that workers who have to live some distance away from their employment, up to thirty to thirty-five miles, are put to abnormal expenses of from $10 to $25 a month, which they often cannot afford, and should be permitted to deduct these expenses for income tax purposes. In addition to that, we in this group believe that not only should oil companies, gas companies and mining companies receive exemption on developing properties, but that farmers who are clearing land, who are bringing land into production, should be allowed to deduct these expenses for income tax purposes. In that connection we support the proposal of the Canadian Federation of Agriculture, which in its presentation to the cabinet this year said, on the subject of tax exemption on clearing and breaking:

> In our opinion it is desirable to encourage the improvement and development of our farm lands, just as much as it is to encourage the exploration and development of minerals and oil by special inducements. We therefore recommend that clearing, breaking and improving of farm lands be deductible as a farm expense where such acreages are reasonable in relation to the general farm operation.

We support that point of view, and regret a provision is not made for those deductions in the bill.

Finally, while I agree with the minister that there are administrative difficulties, and that possibly there have been some abuses on the part of some provincial governments, I think due consideration should be given to the removal of the sales tax from supplies, equipment and machines purchased by municipalities.

Mr. Speaker: I think that question was discussed previously under another bill.

Mr. Herridge: Perhaps so; I am just concluding what I have to say. I do think the violations of the law could be overcome by strict regulations.

Motion agreed to and bill read the third time and passed.

FISHERIES RESEARCH BOARD ACT

INCREASE IN MEMBERSHIP OF BOARD—APPOINTMENT OF PERMANENT CHAIRMAN, ETC.

Hon. Douglas Abbott (for the Minister of Fisheries) moved the second reading of Bill No. 331, to amend the Fisheries Research Board Act.

Mr. J. Watson MacNaught (Parliamentary Assistant to the Minister of Fisheries): Mr. Speaker, when this bill was in the resolution stage on April 2 I made a short statement indicating the reasons for the amendments.

Mr. Browne (St. John's West): I wonder if the bill has been distributed, so that we could have a copy of it.

Mr. MacNaught: Yes, it has been circulated. It is Bill No. 331.

At this time there is very little that I can add to what I said on that occasion; I think, however, I should remind hon. members that for some time it has been becoming more and more apparent that, owing to the increasing ramifications of the work of the board, its structure required some modifications. The modifications which the amendments will bring about will permit wider regional representation on the board itself. This will permit representation from Newfoundland and additional representation from central Canada.

Under the present set-up the chairman and the vice-chairman are professors doing university work in Queen's and Toronto universities respectively. It is thought desirable that the chairman should be a full-time scientist residing at Ottawa. This will permit of continuous attention to the management and co-ordination of work done at the various stations. The chairman will be responsible for seeing that the program laid down by the board at the annual meeting is carried out.

The work of the board has grown tremendously over the years. A decade ago the budget of the board amounted to approximately one-quarter of a million dollars. Today it is close to the two million mark. It is apparent, therefore, that the chairman should be located at headquarters in Ottawa so that greater co-ordination can exist between the various stations and the Department of Fisheries.

When this bill was in the resolution stage the hon. member for St. John's West asked me if there would be representation from the province of Newfoundland on the board. One of the purposes of the amendments is to permit of such representation.

Mr. W. J. Browne (St. John's West): Mr. Speaker, I am sorry I had not seen the copy of the bill, although I find that there was one on my file. I am sure hon. members will agree that, in view of the volume of work done by the fisheries research board, these amendments are important. I am familiar with some branches of that work. It is unfortunate that the report of the board for 1952 has not yet been published—at least I have not received my copy. We were told two weeks ago by the parliamentary assistant that the report was in the hands of the printers; but it has not yet been received.

I think it is a wise procedure to give the chairman permanent tenure so that he may give more attention to the valuable work the board has to do. For many years I have been familiar with the work done by the scientists in connection with the fisheries, and I realize that this work is of the utmost importance to fishermen.

I hope the changes contemplated in the measure will result in improvements for the benefit of the fishermen and all others concerned with the fisheries.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Beaudoin in the chair.

On section 1—*Constitution of board.*

Mr. Browne (St. John's West): Why has not the report been published? It is difficult to discuss these amendments properly without having the annual report before us.

Mr. MacNaught: Mr. Chairman, I checked the date upon which the report was tabled last year, and I find that it was during the month of June. This year the report was sent to the queen's printer some time ago, but it has not yet come back. The moment it is received it will be tabled.

Mr. Gibson: Why do we make the assertion that the board must have a majority of scientists? Has there been any difficulty in that connection? Usually when an assertion of that kind is made, it is because there has been some dispute about it in the past. Would the parliamentary assistant make any comment as to why the board is to have this majority of scientists?

Mr. MacNaught: Most of the work done by the board is of a scientific nature. Therefore I think it is desirable that a majority of the persons doing the work should be scientists. That has been the practice in the past, and I think it is a good one.

Section agreed to.

Fisheries Research Board Act

On section 2—*Appointment.*

Mr. Browne (St. John's West): Where is the statement in the bill indicating that the board shall include representatives from the provinces?

Mr. MacNaught: I do not think there is a specific section covering the point. However, it is the intention of the department to see that a representative is appointed from Newfoundland.

Mr. Browne (St. John's West): Would he be from the fishing industry, or a scientist; or is there to be dual representation?

Mr. MacNaught: That will be decided on a balance of convenience. If it is found to be more desirable that the representative be from the industry, then he will be from the industry. I think the fishing industry of Newfoundland in relation to the fishing industry of the rest of Canada is such that it would be desirable that the representative from Newfoundland be from the practical side of the industry, rather than the scientific side.

Mr. Browne (St. John's West): Has the parliamentary assistant considered informing us as to who the chairman will be, in view of the fact that it is to be a permanent appointment? What is the salary?

Mr. MacNaught: Those are matters of government policy. No decision has yet been made as to who the chairman will be, or the salary he is to receive.

Section agreed to.

Sections 3 and 4 agreed to.

On section 5—*Constitution of board.*

The Chairman: I take it that sections 5 to 8, which are a duplicate of the original sections, will be accepted?

Sections 5 to 8 inclusive agreed to.

Section 9 agreed to.

Bill reported.

Mr. Deputy Speaker: Shall this bill, by leave, be read a third time?

Mr. Knowles: By leave.

Mr. Deputy Speaker: By leave.

Mr. Fournier, Hull (for Mr. Sinclair) moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

[Mr. MacNaught.]

VETERANS BENEFIT ACT

CHANGE IN DATE OF EXPIRATION

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

That it is expedient to introduce a measure to amend the Veterans Benefit Act, 1951, to provide that the act shall expire on the last day of the first session of parliament in 1954 in lieu of the last day of the first session of parliament in 1953.

Mr. Macdonnell (Greenwood): Mr. Speaker—

Mr. Fournier (Hull): Mr. Speaker, may I interrupt the hon. member. I have had to pass over the next item, the bill to amend the Trans-Canada Air Lines Act, 1937. This is a small bill. The Minister of Trade and Commerce (Mr. Howe) is out on government business and will be here at 2.30. I therefore thought we would bring in these two small resolutions in order to advance them to the bill stage. I have no objection to having the hon. member for Royal (Mr. Brooks) notified.

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

Mr. Macdonnell (Greenwood): Mr. Chairman, on a question of privilege, may I point out that—

Mr. Lapointe: Mr. Chairman, may I suggest that we await the return to the chamber of the hon. member for Royal, since he had asked to be present when these matters were being considered. I told him that I would wait.

Mr. Macdonnell (Greenwood): Thank you.

Mr. Knowles: Here he is now. He is on the job.

Mr. Lapointe: Mr. Chairman, this is the resolution preceding the annual bill to extend for a further year the provisions of the Veterans Benefit Act, 1951. As I explained during the course of the last session—in April, I believe it was—the bill provides at the present time that the act shall expire on the last day of the session of 1953.

There are two manners in which these benefits made available to Korean veterans could be extended for a further period of time. The first would be to follow this procedure, which we have followed since 1951, of extending from year to year the provisions of the act. The second would be to give a more permanent character to these benefits by putting them into a statute. It has been felt that until present events in Korea changed and the situation was such as to anticipate an early settlement, it was preferable to follow this present procedure which hon. members will recall was the one followed during the last war.

As a matter of interest to the committee, I might say that under this act 9,474 gratuities have been paid to Korean veterans to date and re-establishment credits have been set up for 9,046 Korean veterans. Some of them have taken advantage of the vocational or university training facilities. At the present time about 150 Korean veterans are undergoing either university or vocational training. This procedure will be continued under the present act.

Mr. Brooks: Mr. Chairman, this resolution is familiar to us all because it has been up for consideration a number of times; I think this is the third time. Of the two systems which the minister mentioned as to the procedure followed, I think this is the one which meets with general approval.

The minister has pointed out that this legislation will be needed as long as our soldiers are in Korea. It gives to the Korean soldiers all the benefits that were given to the soldiers in world war II. I think that is correct. I do not think that anyone will criticize this measure, because, while we do not call this Korean situation a war exactly, there is no question that these men are undergoing just as severe hardship as the soldiers experienced in the second world war, and that the fighting is just as severe in Korea as it was in world war II. They are fighting under conditions which are perhaps even worse than those under which the soldiers fought during the second world war. They are also fighting against an enemy who is just as unscrupulous and cruel, if not more so.

I have little comment to make, Mr. Chairman, with regard to this matter. The minister has said that the situation may change. I am sure that we all hope that the present negotiations for a new truce or a continuation of the truce talks, which were ended on October 7, will be resumed. We also hope that not only will the truce be resumed but that in a short time we may have peace. This may be too much to expect. In reading the press not only of the past week or so but of this morning, I note that the United Nations command is studying the Red offer to resume full-scale truce talks. This is all to the good. I think that the members of the United Nations are certainly taking the right stand when they are cautious in dealing with this matter. However, as I said, I hope that the situation will change and that, as to these men who are now in Korea, we may hope they will be home at a not-too-distant date.

I had a number of questions I intended to ask the minister; he has already answered some of them. One was: How many war service gratuities have already been paid? That question has already been answered. I should like to ask him what is the average amount of each of these gratuities. He has also answered another question, the number of applicants for university and vocational training; but I should also like to ask him how many have applied for settlement under the Veterans Land Act and the number of contributions made under the unemployment insurance benefits. Perhaps the minister is not prepared to answer those questions at once. If not, he can answer them on second reading.

I should like further to ask the minister whether the department has reached a decision with regard to paying re-establishment credits, the same as gratuities, to members of the forces who are still serving in the regular forces after their return from the theatre of war. These are just a few questions I should like to have answered. I should also like to know whether men serving in Korea will receive all the benefits granted to veterans of world war II. I think it is correct that they are but I want to make certain.

Mr. Lapointe: I will be very pleased to answer these various questions when we are on second reading of the bill. There is one which I can answer right away. I apologize for not giving the figure when I spoke previously. Up to the present time there have been eighty-nine applications made by Korean veterans under the Veterans Land Act. Thirty-eight have already qualified, nine have been withdrawn, nine have been refused and the remainder are being processed at the present time.

Mr. Quelch: I am very glad to support the resolution extending the act for another year. We will welcome the introduction of legislation to bring into operation the full set of benefits under schedule A. I realize that under the act the governor in council can declare any of the benefits under schedule A to be applicable. Section 3 of the act reads in part as follows:

> The governor in council may by regulation provide that all or any of the enactments set out in part I of the schedule to this act shall, in such manner as the governor in council may prescribe, apply to . . .

Can the minister say whether all the benefits outlined in schedule A are available today to veterans of the Korean war?

Mr. Lapointe: My understanding is that all can be made available if applied for. I would prefer to give a more definite answer to my hon. friend, and perhaps I might do so on second reading of the bill.

Mr. Quelch: When the minister answers that question I should like him to explain whether or not a veteran can make application for any of the benefits under schedule A or whether first of all the governor in council has to pass a regulation to provide for that being done.

Mr. Lapointe: I shall be pleased to do so.

Mr. Knowles: We in this group would also like to indicate our support of the resolution and of the bill to be based on it. We would not imagine that the government would do anything less than is called for here in extending the legislation for another year. But even so, we welcome it and hope that more precise provision respecting these matters will be made in due course. While I am on my feet, may I join with the others who have spoken at this stage and say that we too share the hope that it will soon be possible for those who have been representing us in Korea to come home.

Resolution reported, read the second time and concurred in.

Mr. Lapointe thereupon moved for leave to introduce Bill No. 335, to amend the Veterans Benefit Act, 1951.

Motion agreed to and bill read the first time.

ARMED FORCES

ASSISTANCE FOR HIGHER EDUCATION OF CHILDREN OF CERTAIN DECEASED MEMBERS

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

That it is expedient to introduce a measure to provide assistance for the higher education of children of certain deceased members of the armed forces and of other persons, all allowances and costs payable under the act to be paid out of moneys appropriated by parliament.

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

Mr. Brooks: Will the minister give us an explanation?

Mr. Lapointe: Mr. Chairman, in introducing the resolution I believe I can make the statement that this country is justly proud of the legislation it has put on the statute books for the benefit of its veterans, which legislation has come to be known as the veterans charter. I can also state that all members of the House of Commons, irrespective of party affiliation, have looked upon veterans legislation in years past in a generous and unselfish way, in a manner truly reminiscent of the high spirit of service of those who enlisted in the Canadian forces.

As was stated once by one of my predecessors, the Hon. Ian Mackenzie, the veterans charter grew in spirit, substance and final form out of the hearts and minds of a united people dedicating themselves and the lives of their sons and daughters to victory. Its basic provisions were the result of a desire to deal in a just manner with all who served.

In view of what I have just said, I am confident that all members of the House of Commons will welcome the introduction at this time of a measure to provide assistance for the higher education of children of certain deceased members of the armed forces and other persons. As the committee will recall, the legislation governing rehabilitation for world war II veterans provided assistance in a training program designed to fit the veteran into suitable employment. It provided training assistance for the veteran with little formal schooling at one end of the scale and right up to university graduation at the other. The purpose of this resolution is to assist financially pensioned sons and daughters of former members of the forces, who have died as a result of service, in obtaining post-secondary education.

Such a program has been under consideration by the department for some time, and the time has now come when many of these children are reaching university age. I might add that it is also proposed to extend the benefits to be derived from the terms of the legislation to children of Canadian veterans who have lost their lives as the result of service in Korea.

For the information of the house I might say that at the present time there are approximately 12,000 children who are receiving pensions under schedule B of the Pension Act. An analysis made by the department shows that the peak load of candidates for the type of training that this legislation will provide for those whose fathers served in world war II will come between 1958 and 1962. Candidates who qualify under the act will receive a training allowance during the time they are in full time intramural attendance plus payment of their tuition fees. In addition to occupations for which graduation from university is required there are occupations, as hon. members know, for which high school graduation —that is matriculation or the equivalent of university admission—is required. Teacher training, through the provincial normal

schools, and nursing, through the teaching hospitals, are cases in point. Under the Veterans Rehabilitation Act which provided training to world war II veterans these latter were classified as "vocational". The bill is designed to provide assistance in these training institutions for which high school graduation, matriculation that is, is now a prerequisite.

The provincially controlled secondary schools, that is the high school, technical and commercial schools, provide training required for entry into the most common occupations. Statistics indicate that some 60 per cent of young people entering high school leave without completing the usual four-year program, and not more than 10 per cent or about one-quarter of those who do graduate proceed, or are likely to proceed, with further schooling—post-secondary education.

The bill which will follow this resolution is designed to deal with this latter group eligible for admission and seeking admission to training institutions for which high school graduation is required. In other words, the criterion is secondary school graduation—regardless of whether the proposed occupation requirement is regarded as university or vocational.

That, Mr. Chairman, constitutes the general outline of the proposed measure and I shall be glad, when we are in committee on the bill, to go into any further details—for instance, questions of eligibility, type of education contemplated, benefits available, academic standing required and time limits.

Mr. Brooks: Mr. Chairman, I do not think there will be any disagreement about this resolution. The minister spoke about the veterans charter, and I recall that when the veterans charter was before the committee in 1945 and 1946 it was recommended by myself and others that this matter be given consideration. The Canadian Legion and other veterans organizations have been pressing for this ever since. As we all know, they presented a brief in November, 1952, and this point was covered, as were a number of other recommendations presented to the government at that time. I might say, incidentally, that this is one of the very few to which the government has given consideration.

Also, the Canadian Legion presented a resolution before the veterans affairs committee of 1948 which read as follows:

> That the government accept greater responsibility for the welfare and education of the children of men who lost their lives in the service, by extending benefits equivalent to the rehabilitation benefits their father would have received had he returned.

The comment made on that is:

> Veterans feel that this is an important omission in Canada's rehabilitation program as it affects the children of those who lost their lives in the service. Subsistence maintenance until the age of 16, 17 or 21, as the case may be, is not enough. The responsibility for educational or training benefits or assistance to enter a trade or calling must rest with the government.

For a good many years this matter has been before veterans committees and I, for one, am very much pleased that the government is introducing this resolution now and intends to introduce a bill to implement it.

One great criticism that might be made is the delay. As the minister pointed out, to the great majority this legislation is coming in very good time; but there were children who were in their early teens in 1945—eight years ago. Those children have now reached the age when they are past university entrance. There are not many but still there are some, and I can think of a few myself. If this legislation had been introduced immediately after the war those children would have been looked after. I would ask the minister whether any young men or young women of the age of 21 and over who are anxious to take up university training will be able to do so. In other words, will the act be made retroactive? Will those who have paid their own way through the university be reimbursed?

One of the main arguments used for introducing legislation of this kind—and I think it is perfectly obvious to all of us—is the fact that with the high cost of living the widow with only a pension would have hardly sufficient means to buy clothing, food and shelter let alone provide a college education.

The minister stated that there are about 12,000 children who would be of school age and who would be covered.

Mr. Lapointe: At the present time there are about 12,000 children who are receiving pensions under schedule B, which would mean up to the age of 21.

Mr. Brooks: The minister estimated that about 10 per cent of those would be eligible for university and vocational school grants.

Mr. Lapointe: That is a rough estimate.

Mr. Brooks: I would hope that there would be more because, as we know, there are many boys and girls who would like to take advantage of university and vocational training but they cannot afford to do so. No doubt this group would be a very intelligent group because we think of our soldiers themselves as the best and, as children of our soldiers, I would hope that the figure for

this group would be larger than the 10 per cent average.

There is nothing further that I would like to say except to add that I believe there is no way in which we can invest money to greater advantage than by educating the boys and girls of our soldiers. I might also say that I do not think there was any finer investment made of our country's money than the investment which was made to educate our soldiers when they came back. My understanding is that there were in the vicinity of 40,000 returned soldiers of world war II who took advantage of the educational facilities offered by this country. Those men are now in every walk of life and in every profession. The contribution which they are making to this country today cannot be overestimated.

When the bill comes up for second reading there are certain questions which I would like to ask the minister, but until that time, Mr. Chairman, I will let it stand.

Mr. Knowles: Mr. Chairman, this is good legislation and we heartily welcome it; and we shall certainly give it our full support. There is no question but that these children of our servicemen who gave their lives deserve this consideration, and as has been said by the member for Royal, we could hardly find a better investment than assisting these young men and young women with their education. As I say, we support this bill wholeheartedly.

While I am on my feet I must say that we in this group are very glad that the government's opposition to federal aid to education in some forms has not stood in the way of this kind of federal aid to education. I am sure the Minister of Veterans Affairs and other members of the government agree with me that this bill and other legislation which we have had similar to it, in no way interferes with provincial responsibility for education, which all of us in this country agree to and support. It is another example of the fact that where there is a will there is a way. I am glad that a way has been found in this respect, and the minister knows that he will hear more from us later on this point.

Before this matter is concluded I hope the minister will make a statement to the house as to whether or not there will be any other veterans legislation presented at this session of parliament. In particular, I hope he will tell us whether or not there will be any changes made in War Veterans Allowance Act.

Mr. Quelch: We in this group are wholeheartedly behind this measure, which carries out, at least in part if not in whole, the recommendations of the veterans organizations. We feel that the money spent under this measure will be money well spent, not merely in the interests of veterans and their dependents, but in the interests of the people of Canada as a whole.

[Mr. Brooks.]

Resolution reported, read the second time and concurred in.

Mr. Lapointe thereupon moved for leave to introduce Bill No. 336, to provide assistance for the higher education of children of certain deceased members of the armed forces and of other persons.

TRANS-CANADA AIR LINES ACT

INCREASE IN NUMBER OF DIRECTORS—ADJUSTMENT OF CAPITAL STRUCTURE, ETC.

Right Hon. C. D. Howe (Minister of Trade and Commerce) moved the second reading of Bill No. 330, to amend the Trans-Canada Air Lines Act, 1937.

Mr. Browne (St. John's West): I believe the hon. member for Greenwood has something to say on this measure. Since he is not here, could we call it one o'clock?

At one o'clock the house took recess.

The house resumed at 2.30 p.m.

Mr. Howe: Mr. Speaker, this bill proposes certain amendments to the Trans-Canada Air Lines Act, 1937, as amended. The principal objects of this bill are four in number: the first object is found under section 2 of the bill where provision is made to increase the number of directors of Trans-Canada Air Lines from seven to nine persons. This will enable a wider geographical representation on the board of directors.

The second object is seen in section 9, subsections 1, 2 and 3 which provide for a rearrangement of the capital structure of the corporation to bring it in line with the normal commercial practice of financing part of the corporation's undertakings by means of equity capital and part by borrowed money.

Under these provisions Canadian National Railway Company will be required to surrender 200,000 shares of the capital stock of the corporation for a bond or debenture having a face value of $20 million, bearing a fixed interest rate and payable at a definite time in the future.

In this connection since the inception of Trans-Canada Air Lines the practice has been followed of requiring the air line to pay to the railway company interest on the railway company's investment in the air line. This principle was written into the Trans-Canada Air Lines Act, 1937, during what was called in the act the "initial period". During

the initial period the air line was permitted to add to its operating expenses five per cent on the capital invested in the air line and deficits, if any, were made up by upward revisions of mail payments to the corporation by the department of the Postmaster General. The initial period was to end on December 31, 1939, but was extended by parliament on two occasions and finally came to an end on March 31, 1942. Since April 1, 1948, interest on the capital invested has been paid by the air line to the railway company at the rate of 3 per cent per annum.

The third object of the bill relates to income tax liability. The rearrangement of the financial structure of the corporation will have the effect of keeping the income tax liability of Trans-Canada Air Lines within normal commercial limits. If the capital structure were allowed to remain in the form of equity capital only, no deduction from that income would be permitted for income tax purposes on the interest payment hitherto paid or to be paid to the railway company, with the result that the railway company might be forced to look for payment by way of return on its investment to the net earnings of the corporation, if any, after payment of income tax. Furthermore, the provisions of subsection 4 of section 9 propose to give legal effect for income tax purposes to the interest paid to the railway company on the capital invested during the calendar year 1952 and, as well, up to the time of enactment of the bill, limited to three per cent on the capital invested by the railway company in the air line.

The fourth object of the bill is to be found in section 20. This provides for the extinction of the company incorporated under the name "Trans-Canada Air Lines (Atlantic) Limited." This company was formed to take over the responsibilities and activities of a wartime organization known as the Canadian government transatlantic air service. That organization was set up for the primary purpose of providing a rapid mail service to Canadian troops serving overseas, and its operation was made the responsibility of Trans-Canada Air Lines. When the Canadian government transatlantic air service was discontinued, it was thought desirable to form a separate company to continue overseas operations. There no longer seems to be any reason for making a corporate distinction between what are in effect two divisions of Trans-Canada Air Lines, and the absorption of Trans-Canada Air Lines (Atlantic) Limited into the parent company, Trans-Canada Air Lines, has many administrative advantages.

The above are the principal objects of the bill. However, there are some minor objects. There are certain proposed amendments in section 1 of the bill to section 2 of the act, which might be termed "clean-up" amendments, as they remove from this section definitions of words or expressions which are no longer referred to in the act.

By section 3 of the bill, subsection 3 of section 7 is amended by providing that Canadian National Railway Company may sell the shares of the capital stock of the corporation only with the approval of parliament.

By section 5 of the bill, section 13 of the act is amended to provide that the auditor appointed by parliament to audit the accounts of Canadian National Railway Company will be the auditor of Trans-Canada Air Lines instead of an auditor appointed by the minister.

By section 6 of the bill, certain amendments are made to section 14 of the act which authorize Trans-Canada Air Lines to carry out functions directly connected with the operation of the air line. This section also authorizes Trans-Canada Air Lines to use the descriptive name "Air Canada" which already has wide recognition in the French-speaking sections of the country.

By section 8 of the bill, section 20 of the act is repealed by providing that if another corporation is formed under the provisions of section 20, the number of directors shall not exceed nine, instead of seven as presently provided in section 20.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, I have just a few remarks to make at this time, and I shall ask some questions when we get into committee, and are discussing the sections of the bill. My observations at this time will be general.

I can understand the reasons the minister has given. The desire to escape taxation is one of the most human desires, and apparently it exists even in crown corporations. The reason the minister has given is quite understandable.

I should like to reiterate briefly something that took place in the debate on the resolution, because I think it is a matter of some importance. I had asked the minister a question with regard to the monopoly position of Trans-Canada Air Lines, and I should like to read my question and the minister's answer, because I regard his answer as of sufficient importance to have it on the record.

As reported at page 3548 of *Hansard* I asked this question:

> I would like to ask the minister a question having regard to the answer he gave to the member for Winnipeg North Centre.

That was in answer to a quotation the hon. member for Winnipeg North Centre (Mr. Knowles) had read from a statement by Mr.

King on April 2, 1943, which seemed to indicate almost that the monopoly position was going to be without end, or at least there was no indication of an end. I asked this question:

> We do have competition between the railways, and I believe they feel it is good. The chairman of the Canadian Broadcasting Corporation spoke about the usefulness of competition. I wanted to ask the minister whether the policy enunciated by Mr. King might not be changed, and whether we might not reasonably look forward to a time when there would be enough airplane traffic for more than one company.

To that the minister replied:

> The hon. member is quite right. This is a thinly settled country. We have air services that are essential to the economy. However, today air transport in Canada is not competitive, or is competitive in only a few cases, whether public or private. If an air line company is assigned to a territory, that is its territory and no one else has a right to operate an air service in it. I believe that is a sound policy at the moment. If sufficient travel develops to the point where competition is warranted, then certainly air routes may be entitled to competition.

Having put that on the record, I shall reserve anything I have to say until we reach the sections of the bill.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Beaudoin in the chair.

On section 1—*Repeal.*

Mr. Macdonnell (Greenwood): I have noticed what the minister said about section 1, and I am assuming it has been carefully drawn. However, it is surprising to me that all the definitions listed on the right side of the page, including such phrases as "gross revenue" and "operating expenses", are no longer necessary. But if the minister is satisfied that this long list of definitions can be taken out, certainly I am not going to set up my opinion against his. I understand from the minister's explanation that none of these is needed.

Mr. Howe: That is correct. These refer to conditions which applied during the initial period, which ended in 1942. At that time there were certain guarantees when basic revenues resulted in a deficit. All those provisions have been abandoned, with the result that it is possible to delete certain definitions from section 1, which is the definition part. These definitions are no longer essential.

Section agreed to.

On section 2—*Board of directors.*

Mr. Browne (St. John's West): What did the minister mean by his reference to regional representation? Another question is this: How are these five directors to be elected by the shareholders? Will there be anybody else in addition to the Canadian National Railways?

Mr. Howe: The provision now in the act is that there shall be seven directors, of whom four are elected by the shareholders, the Canadian National Railways.

Mr. Browne (St. John's West): How are they elected?

Mr. Howe: The board of the Canadian National Railways, I would assume, passes a resolution. Perhaps they have only a voice vote; I do not know. But somehow or other four people are designated to be the directors of Trans-Canada Air Lines. I am not sure as to the method followed. Then, three members of the board are appointed by the government by order in council.

Mr. Browne (St. John's West): Does that not mean that Canadian National Railways are going to control Trans-Canada Air Lines?

Mr. Howe: Canadian National Railways owns the air line.

Mr. Stewart (Winnipeg North): As the minister knows, in the past there have been requests from Winnipeg that consideration be given to the appointment of someone from that locality to serve on the board of directors of Trans-Canada Air Lines. In view of the increase in the number of directors, has consideration been given to that request?

Mr. Howe: I undertook two or three years ago that when the Trans-Canada Air Lines Act was in process of being amended I would enlarge the board to make provision for a director from Winnipeg. That is the purpose of this amendment.

Mr. Macdonnell (Greenwood): I wish to add a word on the question of directors. It seems to me that what we are doing in respect of this crown company—and it may be true of any crown company—is to afford a means whereby control to all intents and purposes is vested in the government, but where the government makes the best of both worlds by escaping the limitations of a government department through having a corporation which technically is independent and has the rights and privileges of a corporation including, as we have found out —and I am not criticizing this—the right to keep salaries confidential. In my mind this raises an important question: Are these boards, as set up, anything more than creatures of the department? Is there any independent opinion which is brought to bear?

As has been indicated, this board will consist of five members elected by the Canadian National Railways and four by the governor in council. As reported at page 3546 of *Hansard* the minister said:

> It is a board of seven at the present time. Four are directors of Canadian National Railways. One is a retired civil servant and the two others have no association with the government.

In other words, five out of seven were to all intents and purposes government officials or, let us say, directly or indirectly under the control of the government.

Mr. Howe: Some five of the directors would not like you to say that, though.

Mr. Macdonnell (Greenwood): I realize that; I am trying to speak as accurately as I can, and used the expression, "directly or indirectly". I raise the question as to whether that is a sound position. When I raised it the other day I suggested that there might be a larger board and the minister answered in effect that if you had a large board the members might be careless about attending and would perhaps come only a few times a year and then not be familiar with the business when they did come. My answer to that is that that is true of national private corporations, but nevertheless they do not consider it wise to have a group of their own officials running their company. I do not see why the same considerations should not apply here.

I am quite sure that the minister has no qualms in his mind about the efficiency of the running of this corporation while he occupies the position he does, but nevertheless the fact remains that the operations of many of these crown corporations are quite large and I do not think it is sound principle to have them to all intents and purposes just branches of the departments concerned.

I raised this question in connection with Canadian National Railways and when I did I was careful to say that I was making no criticism of the members of the board. The only member of the board that I know quite well is Mr. Symington, who is an outstanding businessman. I have no doubt that these members are competent, but to have the board as small as it is seems to me to be unwise. In the same way I think that this board is more open to objection because the minister has said quite frankly that five of the directors are going to be elected by the directors of Canadian National Railways while four will be appointed by the governor in council. There you will have a pretty tight family party. I submit that the people of Canada are entitled to have a much more representative board.

I am not foolish enough to think that the directors are going to dictate the policy of the company. I was a director myself once in a small way and I know that usually directors do not do that kind of thing. Nevertheless, I think you should have the combined judgment of a wide variety of men because it may happen that we will run into times when it will be much harder to operate than it is now. I think in this section we are approving of an unwise principle.

Section agreed to.

Section 3 agreed to.

On section 4—*Repeal.*

Mr. Knowles: What is the effect of this section which repeals section 9 of the act?

Mr. Howe: I do not remember what section 9 was.

Mr. Knowles: It is set out in the explanatory note as follows:

> Shares of capital stock shall not be transferable except to such persons engaged or interested in aviation as are approved by the minister.

Mr. Howe: In the early stages of the company's history it was contemplated that ownership of the air line might be distributed between those engaged in aviation. In other words, at that time the possibility was being explored of making the company a private enterprise operation. The situation today is that the air line is so firmly established that it is undesirable to change the ownership and therefore that section is being deleted which contemplated the sale to aviation interests.

Mr. Knowles: In other words, this is to make sure that it will stay under public ownership?

Mr. Howe: It provides definitely that the shares can be transferred only with the consent of parliament.

Mr. Knowles: Good.

Section agreed to.

Section 5 agreed to.

On section 6—*Maintenance of air lines.*

Mr. Macdonnell (Greenwood): Here the power to erect, construct, etc., is continued. Will the minister say whether this power has been availed of to any extent in the past or whether construction has not in the main been done by the Department of Transport or other departments of government.

Mr. Howe: The air lines has constructed a great deal of real property. At the moment it is building a $3 million hangar in the city of Toronto. It builds its own facilities except those required for passengers. It has built

passenger terminals, but in the major airports the government usually builds the terminals and leases space to those air lines operating at that airport on a self-liquidating basis. Considerable sums are spent each year by Trans-Canada Air Lines on the construction of physical property.

Mr. Macdonnell (Greenwood): Does the minister approve of the idea of separate construction facilities? It would seem like a multiplication of the Department of Public Works. Does the minister think there is advantage in having the T.C.A. do it itself?

Mr. Howe: The air lines builds its own hangar facilities and either leases from the government or builds its own passenger accommodation. That is done out of its own funds earned from operations.

Mr. Macdonnell (Greenwood): That is interesting, but I do not think it settles the question. In the case of passenger accommodation, why should the construction be done by the government? Is it because the accommodation may be used by several companies?

Mr. Howe: Yes. The Department of Transport and other departments of government such as the post office, the express service, immigration and so on may require space in the building. The usual practice has been for the government to construct the terminal, although in some of the smaller centres Trans-Canada Air Lines builds its own accommodation out of its own funds, just as it builds its own hangar accommodation. However, the practice more often is for the government to build the airport building and lease space to those that require it, including the post office, the express company, immigration, the Department of Transport and so on. Space is leased to the Trans-Canada Air Lines according to its requirements. I might say that the rents are quite expensive.

Mr. Macdonnell (Greenwood): When the minister says "government" he means which department?

Mr. Howe: Department of Transport.

Mr. Macdonnell (Greenwood): I am not sure whether this would come under this particular section, but is it the intention that all necessary financing will be done through Canadian National Railways?

Mr. Howe: Yes.

Mr. Macdonnell (Greenwood): Why is it considered desirable that T.C.A. should not do that directly when it needs money? Why should it have to make application to Canadian National?

Mr. Howe: Canadian National Railways own all the shares of Trans-Canada Air Lines. The air lines is a creature of Canadian National Railways. I think that any other arrangement or any other source of money would be poor business.

Mr. Macdonnell (Greenwood): It would depend upon the respective capacity for borrowing from the public. I am not suggesting that today or tomorrow T.C.A. may want to borrow, but why should it be prohibited from doing so if it is faced with a situation where it needs money?

Mr. Howe: Canadian National Railways have 100 or more subsidiaries and I think it would be poor policy to have every subsidiary do its own borrowing. It is much better to centralize the borrowing in the parent company and let it look after its subsidiaries. It is not anticipated that Trans-Canada Air Lines will require more than the $25 million that is now at its disposal plus earnings and accrued depreciation which may be added to that amount.

Mr. Macdonnell (Greenwood): If the minister is saying that they are not going to need to borrow, then the question is academic.

Mr. Browne (St. John's West): Paragraph (j) of subsection 2 reads:

> (j) to purchase, lease, or otherwise acquire or provide, hold, use, enjoy and operate such hotels in Canada as are deemed expedient for the purposes of the corporation.

Does that meet the existing need?

Mr. Howe: It refers to existing or future needs. For example, T.C.A. operate a hotel at Goose Bay and I think—I am not quite sure of this—they also operate a hotel at Gander. I am not sure of that but I know they built and are operating a hotel at Goose in order to take care of passengers stranded overnight.

Mr. Gillis: With respect to paragraph (k) of subsection 2 of section 6, it is not the intention to change the name "Trans-Canada Air Lines" and use the name "Air Canada" on this continent, is it?

Mr. Howe: I believe that the name "Air Canada" is used in the province of Quebec.

Mr. Chevrier: It is the translation.

Mr. Howe: It is really the translation of "Trans-Canada Air Lines", and the purpose of this provision is simply to reserve the term "Air Canada" so that the right to use it in the province of Quebec cannot be infringed. It is really the French translation of Trans-Canada Air Lines.

Mr. Gillis: I understand that, but it is not the intention to change the trade name of Trans-Canada Air Lines across the country?

Mr. Howe: No.

Mr. Gillis: It is merely legalizing it.

Mr. Howe: It is to protect the French translation.

Mr. Knowles: The marginal note to this clause refers to maintenance of air lines. Perhaps under that I might be permitted to say a word which I think would express the view of all hon. members. I want to say that we are proud today, as we have been throughout the years, of the splendid record of Trans-Canada Air Lines, particularly in the matter of safety. In Winnipeg and here too, because of the attention that was drawn to it in the news a few days ago, this safety record was highlighted a short time ago by the skill and cool-headedness of Captain E. W. Norquist and his crew when after they took off from the airport at Stevenson field with a load of some forty-three persons, it was learned that the landing gear and hydraulic equipment had been damaged. The way the pilot and his crew, consisting in addition to Captain Norquist of Murray Lunt, first officer, Ken Flack, purser-steward, and Miss Eva Mossop, stewardess, kept the plane in the air for some six hours until the runway could be sanded and a safe landing effected made quite a dramatic story.

There is no doubt there are many such instances that occur in the service, and they serve to point to the skill and care of the crews who operate T.C.A. planes. We think it is a very good record. There are others whose names might be put on the record, but I think it is only fair to name this particular crew for the way in which they have drawn attention to the care and skill exercised by those who operate this air line.

Section agreed to.

Section 7 agreed to.

On section 8—*Governor in council may create corporations.*

Mr. Browne (St. John's West): What is the purpose of changing the number of persons to form a corporation? It does not refer specifically to Trans-Canada Air Lines. It refers to any corporation which Trans-Canada Air Lines or Canadian National Railways may like to form in connection with the business of T.C.A. Why is there a change in the number?

Mr. Howe: The pattern up to now has been seven directors and the number is being changed to nine. It is felt if any other corporation is formed the same nine directors might wish to act, but in any event the number on the board shall not exceed nine.

Mr. Browne (St. John's West): Is there anything in contemplation at present?

Mr. Howe: No.

Section agreed to.

Section 9 agreed to.

The Chairman: Perhaps I might inform hon. members at this point that clauses 10 to 18 inclusive are repetitions of the clauses that we have already carried.

Sections 10 to 20 inclusive agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: Shall this bill be read a third time now, by leave?

Some hon. Members: Agreed.

Mr. Howe moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

FAIR EMPLOYMENT PRACTICES

MEASURE TO PREVENT DISCRIMINATION ON GROUNDS OF RACE, NATIONAL ORIGIN, COLOUR OR RELIGION

Hon. Milton F. Gregg (Minister of Labour) moved the second reading of Bill No. 100, to prevent discrimination in regard to employment and membership in trade unions by reason of race, national origin, colour or religion.

He said: Mr. Speaker, in moving this bill for second reading I should like to make a few remarks. The speech from the throne last December declared the government's intention to introduce a bill which would prohibit discrimination in employment against any person because of his race, national origin, colour or religion in connection with any work, undertaking or business within the legislative authority of parliament. National labour organizations and many other bodies in recent years have advocated such federal legislation.

I think it is only fair to say that several members of the house have stressed the importance of the government taking some action in this field. I do feel that it would be wrong in introducing the bill if I did not acknowledge one voice from this side of the house that has been forceful, consistent and eloquent in its demands for action against discrimination for many more years than I have been a member of the house. I refer of course to the voice of the hon. member for Spadina (Mr. Croll). I wish to express to him my warmest thanks for all he has done in the past to help prepare the ground to make possible the introduction of this bill at this time. I am sure there are many Canadians

outside the house who would want me to make this public expression of gratitude to the hon. member for Spadina on their behalf.

Also, it is with respect that I acknowledge the sponsorship of similar private members' bills by the official opposition labour critic, the hon. member for Hamilton West (Mrs. Fairclough). It was very kind of her to withdraw her bill from the order paper this year to make way for mine, and I welcome her support of the principle of the bill.

I believe that equality of opportunity for employment without discrimination on account of race, national origin, colour or religion is a fundamental right which every resident of our democratic state should enjoy. It is a right which this parliament can well assert and try to protect. The government is now asking parliament to make this assertion by the bill I am introducing in respect of all persons in Canada who are employed or seeking employment in activities which come under federal authority. Although this federal sphere of jurisdiction is relatively limited, I believe that the passing of this legislation may have a far-reaching and healthy influence across the whole country.

I think one can say that the underlying principle of the bill is assurance of equality of vocational opportunity. In recent years Canada, as a member of various international organizations, has subscribed to general declarations concerning the basic rights and liberties of the individual. However, because of the divided jurisdiction established by our federal constitution, Canadian representatives have not always been able to make specific commitments with regard to legislation to ensure the protection of human rights.

For example, in 1948 the Canadian delegation to the general assembly of the United Nations voted for the universal declaration of human rights which was adopted by the assembly on December 10 of that year. The head of our delegation stated that certain important aspects of the declaration lay within the field of provincial jurisdiction in Canada and that the federal government did not intend to invade that field. Canadian participation in the international labour organization has been affected in the same way by the federal nature of our constitution. Canadian delegates to the general conference of the ILO in 1944 approved the adoption of the new declaration of the aims of the ILO which became known afterwards as the Philadelphia charter. This declaration asserts, among other things, the solemn obligation of the ILO to promote among the nations of the world programs which will achieve full employment, higher standards of living, the extension of social security, adequate protection for the life and health of workers, effective recognition of the right of collective bargaining—and this is the one that embraces the principle of this bill—equality of vocational opportunity, and other conditions conducive to human well-being.

Some action has already been taken by this government to prevent discrimination in employment in those areas of jurisdiction within which the federal authority has power to legislate.

At the last session the Unemployment Insurance Act was amended to provide that it is the duty of the commission to ensure that there will be no discrimination in referring any worker seeking employment, either in favour of or against any such worker, by reason of his racial origin, colour, religious belief or political affiliation. Then, as a further step in its program, in September last an order in council was passed which requires the insertion of a non-discrimination clause in federal government construction and supplies contracts entered into on or after January 1, 1953, to which the government fair wage provisions apply.

This clause expressly forbids the contractor to discriminate against any person because of his race, national origin, colour or religion in the employment of labour for the execution of the contract.

It might be said that discrimination in employment is based on ignorance, prejudice, selfishness, or an attitude of mind which cannot be discovered or changed by legislation. I agree, Mr. Speaker, that there is much to be said for that view. However, I would like to stress the point that the legislation which I am introducing is designed to deal with positive acts of discrimination. There will still be need for continued effort on the part of all those educational, religious, cultural, yes, and government influences, which are now working together and doing so much to create in Canada a climate of opinion in which racial and religious prejudice shall find no place.

The provisions of the legislation will apply to all employers of five or more employees, excluding non-profit educational, fraternal, charitable, religious and social organizations. The legislation applies to employment upon any work, undertaking or business which is within the legislative authority of parliament to regulate, to crown companies, and to trade unions composed of persons employed upon such works, undertakings or businesses. In effect, the legislation applies in respect of the same industries to which the Industrial Relations and Disputes Investigation Act applies.

The provisions of the bill will prohibit employers from discrimination as defined

against any person in respect of employment or prospective employment, and prohibits employers from using the services of any employment agency which in its operations so discriminates against persons seeking employment. The use of advertising in connection with employment which expresses any such discrimination or preference is prohibited. Trade unions shall not so discriminate against any person in the matter of membership.

The legislation will be administered by the Department of Labour and by a division of the work amongst existing staff. It is not anticipated that additional costs for administration will be great.

Provision is made in the legislation for the receipt and investigation of complaints by conciliation officers of the department, and for the use of industrial inquiry commissions for the purpose of ascertaining the facts, with a view to the adjustment of complaints made under the act. Provision is made for prosecution in the courts for alleged infractions of the act and for the imposition of penalties by way of fine and recovery of lost wages where the offence is proved. This procedure for the handling and disposition of complaints is very similar to the procedures provided under the Industrial Relations and Disputes Investigation Act for the handling and disposition of complaints of unfair labour practices. It is proposed to use the same administrative machinery.

I believe that legislation of this nature to deal with overt acts of discrimination is practical and can be administered. The record of New York state, which pioneered in the United States in prohibiting discrimination against workers, has established the effectiveness of an act of this kind.

Passed in 1945, the New York law set a pattern for similar laws in ten other states and, I think, for the fair employment practices act enacted by the province of Ontario in 1951. Experience under the Ontario act perhaps has been of too limited duration to permit an adequate appraisal of its effectiveness. But there is ample evidence that in 7½ years of its operation the New York law has had an appreciable effect in eliminating discrimination and in broadening job opportunities for minority groups.

Briefly stated, the New York law provides that no person shall be denied the right to earn a living because of his religious belief or his racial or national background. It lays down penalties for acts of discrimination, whether by employers, labour organizations, employment agencies or other individuals.

The term "employer" under the New York act does not include a non-profit organization or an employer with fewer than six persons in his employ. The act does not apply to a person employed by his parent, spouse or child, nor to domestic servants.

While punitive powers are provided for the New York act, to be used when and if needed, the policy of the commission administering the legislation has been to rely on conciliation and persuasion and to avoid legal proceedings wherever possible. The record shows that out of approximately 2,500 cases handled to date the New York commission has had to resort to court action only three times. When one considers this experience in that highly industrialized state it seems a great victory for conciliation and persuasion, with the teeth of the law almost entirely unused.

One might sum up by quoting the following paragraph from the commission's 1951 report on its administration of the law:

> The commission realizes full well that the problems of employment discrimination which made a law necessary have not been completely solved. It is satisfied, however, that the law is no longer viewed by the general public as an expedient, an experiment, or a controversial document, but as an important instrument in the building of a stronger, democratic state.

The Ontario act has been in force since the middle part of 1951, and I am advised that in the intervening period, while there have been a limited number of complaints dealt with under the act, these complaints have been adjusted under the provisions of the act without the necessity of resort to the courts in any instance.

I am sure, Mr. Speaker, that the principle of this bill will have wholehearted support in this house and amongst the citizens of this country. It is only with this large measure of public support that it will be effective for the purposes for which it is designed.

Following a discussion of the bill on second reading, if it is the wish of the house, I shall move to refer it for study to the standing committee on industrial relations. I am confident that it can be made into an effective ally to the main effort in Canada for ensuring equality of vocational opportunity.

It is as an ally that I view this measure. The main effort against discrimination must continue to be carried on by individual Canadians with the potent weapons of human understanding, of charitable example, and with the application of the golden rule. If this bill becomes law we will see to it that it is used only to augment those weapons.

I commend it to the house.

Mrs. Ellen L. Fairclough (Hamilton West): I should like to join with the minister, Mr. Speaker, in paying tribute to the hon. member

for Spadina (Mr. Croll) for the work which all of us know he has done in this field over a period of many years. I should like to thank the minister for his kind remarks concerning my own participation, small though it has been, in this field. I think that possibly at this time I might review some of the reasons for my support of this type of legislation and the motives which prompted me, in the first instance, to introduce a bill which, as the minister has said, I withdrew earlier in this session.

As I said on previous occasions, I think it is important that legislation should be provided to implement the universal declaration of human rights as proclaimed before the general assembly of the United Nations on December 10, 1948. Like the bill which it was my privilege to sponsor earlier, this bill applies only to employment in those fields which fall within the jurisdiction of the federal government. I am sure that every member of parliament will be in sympathy with the enactment of legislation which seeks to establish a common basis for all peoples in this nation, regardless of their origin, their religion or the various circumstances and conditions under which they labour. Canada is a nation of producers, and their production falls into many and varied categories. The very life and future of this nation depends upon those who, by their labours in every field, are building an economic stability to support a growing importance of international scope.

Quite apart from humanitarian standards, it is important that all citizens of Canada should recognize equality of effort which every day enhances our nationhood. It will be said, and truly so, that discrimination is of the heart and that legislation cannot alter the thoughts of man. But it is true also in other fields that all legislation sets a standard to which citizens tend to conform more and more as time goes on. In the past two years we have gone a long way towards recognition of the universality of human rights, and it is my opinion it is now expedient to put upon the statutes of this nation testimony to our belief in that fundamental principle. Of course, the members of my party propose to support this motion.

The preliminary steps in this direction which have already been taken were described by the minister, that is the amendment to the Unemployment Insurance Act and just latterly P.C. 4138 which became effective January 1 of this year with regard to government contracts. These steps, taken with the support of all members in this house as well as with the support of various labour organizations, have come about as a result of changing opinions, or perhaps I should say a realization on the part of the people that there must come a time when we would put upon the statute books of this nation some tangible evidence of our belief in the equality of all citizens. I was very much interested some time ago in reading a statement which was submitted to the minister by the Canadian Congress of Labour, and I should like to quote two or three excerpts from it. The first one reads as follows:

> The congress asserts that the denial of a job to any Canadian for no other reason than that his race, his creed, his colour or his ancestry is not that of the majority, is a violation of one of the most fundamental tenets of democracy: equality of opportunity. Such discrimination has no scientific basis; it is based wholly on prejudice. It is contrary to the religious and moral values on which this country was founded.

Then a little later on the statement says:

> It deprives Canada of the best efforts of countless thousands of her people and leaves her the poorer for it.

Then, touching upon the manner in which such legislation should operate, the statement says this:

> The removal of prejudice is a long, hard task, and fair employment practices legislation is but one of the many means which must be used in the process.

It is true, Mr. Speaker, that the goal will not be reached overnight. Deeply held opinions and long practised habits are not easily changed. It is my opinion that lasting results can only be achieved by constant educational efforts, coupled with prompt and intelligent handling of reported situations. As the minister has said, this is a fairly new type of legislation. So far as I know the New York and New Jersey legislation of 1945 was about the first, and possibly the New York legislation has become a pattern for most of the legislation which exists today. Because of that it is very easy to examine the New York record and to judge the effectiveness of such legislation by the experiences within that state. It was, therefore, very interesting to read the current report of the New York commission covering the year 1952. In the introduction, I find this paragraph, which I should like to read to the house:

> The New York state law against discrimination, which started out on July 1, 1945 as an experiment in enlightened social legislation, may now be assessed, almost eight years later, as an essential statutory device in eradicating those practices of discrimination which not only deny individual interests and inventives, rights and privileges, but retard the growth of our economy by the squandering of our manpower resources. Such practices can never be justified in a democratic society, and to the extent that they continue to exist . . . they not only violate the law, but they tend to keep us from the immediate goal of our national defence production program: the most effective use of our available manpower supply. They also, quite obviously, supply grist for the propaganda mills of

those forces which seek to undermine the faith of . . . the people . . . in our democratic form of government.

Then they, too, proceed to speak of the necessity for an educational program in connection with this type of legislation. A little further on they say this:

In 1945, when the law became effective, it was generally recognized that the ultimate goal could not be reached overnight. Although that observation is as valid today, it is the fact that persons formerly barred by reasons of discrimination from jobs in certain fields or prevented from advancing above menial or segregated levels of employment, have made definite progress towards the achievement of equal employment opportunity. The patterns of the past, however, are not easily changed, and a sizeable job remains to be done.

I was interested, Mr. Speaker, in the minister's remark that the implementation of this bill will be undertaken by the existing staff within his department. I was particularly interested in that because I had previously examined the estimates of the labour department, and I found no item especially earmarked for administration of this legislation. Therefore, possibly I can be forgiven if I wondered whether or not it was the government's intention to proceed very vigorously along the lines of administration of a Fair Employment Practices Act.

Now that the minister has made that explanation I should like to say this: I do hope that the government is not going to pass this bill and push it to one side, waiting for someone who happens to find out about it to make a complaint under the legislation. I believe that the full effectiveness of this legislation can only materialize if the government will institute a proper program of education to go hand in hand with the administration of the legislation itself. I believe that very strongly. We are all human, and we know that workers hesitate to make complaints, particularly those who are in menial employment. In many cases they are afraid of their jobs. They need to be assured that under this legislation it is their right to complain, but not to file complaints indiscriminately. Where there is definite basis for belief that they have been discriminated against they should be encouraged to make known instances and circumstances of such discrimination. I believe that, by removing from them the fear of retribution from employers or others, legislation of this sort can be made properly effective.

In this bill, as in the Ontario bill, provision is made for an industrial inquiry commission to look into such complaints as are made. This of course is an entirely different matter from a standing administrative commission or body to plan not only the administration but the education of workers in this field. I would urge the minister to give serious consideration to the establishment of a commission which will be charged with this responsibility. I feel that it would not only be a good thing at the federal level to have someone actively engaged in dissemination of information, but it would provide a stimulus to those provinces which have legislation of this order at the present time or who may, I hope, enact such legislation at a later date, to proceed along those lines. I believe that at the present time in the Dominion of Canada only two provinces, Saskatchewan and Ontario, have legislation of this kind. I understand that Manitoba is seriously considering such legislation, and one other was mentioned to me as being keenly interested in this type of legislation.

There should be a permanent administrative body charged with this responsibility, and the establishment of a commission should not depend upon the receipt of complaints which cannot be handled by the ordinary conciliation officers of the department.

The minister has spoken of the limited experience which the province of Ontario has had in this matter, and that is quite true. It is my understanding that in the approximately two years that the act has been operative only ten complaints have been received, and these have all been easily handled. While the province of Ontario did not set up any educational program, it did cover the ground fairly thoroughly in the first instance with letters and information to employers, trade unions, and so on. A great deal can be done to make effective the provisions of this legislation if one specific body is definitely charged with this responsibility. This is the least we can do to make such legislation operative. If we are not going to go that far, then the enactment of such legislation is merely giving lip service to a principle; and while that is all very well in itself, unless we are prepared to take more active steps, the legislation itself cannot achieve the result that is desired. I feel very strongly upon this point, because I have travelled pretty extensively across this country and throughout the northern part of the United States. I have seen conditions under which a great many people work and I have witnessed all too frequently instances of discrimination which should not exist. It is up to those who have very definite opinions on this subject to voice them, and to voice them in places where they will be heard right across the length and breadth of this land.

We are creatures of habit. A great deal of the discrimination which exists today is merely habit. We are inclined to gather

together in groups of our own kind, and that is true of those who come from other countries as well. We are proud of the traditions of our own particular race. We all suffer to some extent, and in varying degrees, from religious bigotry. Some of this we do not take seriously; some we do. Because we are human and given to human frailty it is necessary that we should dig beneath the surface of habits which produce discrimination and to set up this example of the intention of the people of this country so that discrimination cannot threaten the rights and privileges of the citizens of Canada, nor can it menace the institutions and foundations of a free democratic state.

Since this bill is to go to the committee on industrial relations I do not propose to speak on any particular clause thereof. There will be plenty of opportunity to discuss them in the committee, and later when we get to the committee stage in this house. In closing these few remarks on the principle of this bill, I should like to quote a small paragraph which has come to me and which is anonymous:

> When people are no longer willing to help right the wrongs of others, their own rights are no longer safe.

And so, Mr. Speaker, in supporting this bill I say that if we are motivated by no more than selfishness, it behooves all members of this house to give their wholehearted support to the enactment of this legislation which will do away with one blight which unfortunately infests the whole North American continent today, and in so doing we shall support Canadian principles and give impetus to production, which this country needs more than anything else to take it farther along the road of progress on which it has so well started.

Mr. Alistair Stewart (Winnipeg North): Mr. Speaker, I should like to say at once on behalf of the C.C.F. that we support the principle of this legislation. Indeed, I think in days to come it will be recognized that this bill has been something of a landmark in Canadian labour history. We believe, of course, that it should be sent to a committee because, while we support the principle, there are many details connected with the bill with which we are quite dissatisfied. We are convinced many improvements can be made in it, but it is in the committee on labour relations that these improvements will be suggested.

For many years the major labour congresses in this country have worked long and hard to try to secure legislation such as this. Along with those labour congresses have been individuals. As the minister has said, credit should be given to persons such as the hon. member for Spadina (Mr. Croll) and the hon. member for Hamilton West (Mrs. Fairclough) for what they have done to bring this condition about.

But we ought to remember—and the hon. member for Hamilton West has pointed it out—that with the passing of this legislation a new day is not going to dawn overnight. This is but a start. Prejudices are not lost with such speed. Indeed I would say it is much easier to smash an atom than to break a prejudice.

The bill is an attempt by means of conciliation to prevent discrimination in employment. That, I believe, is a proper procedure—although behind that conciliation there must be the force of law and of compulsion. American experience has shown us that in the last resort these measures must be compulsory if they are going to be successful. In those areas where there was no compulsion there was a quite noticeable lack in the efficiency of the legislation as compared with states, such as the state of New York and other states, where the element of compulsion existed.

One of the reasons we dislike some of the sections in the bill is that they are altogether too permissive. In other words, they are not sufficiently mandatory. We would not like to see the bill pass only to see it by-passed at a later time. There was a suggestion by the minister which led us to feel that perhaps not as much was going to be done about this legislation as those of us in the C.C.F. would like to have done. Where discrimination is found, discretionary powers are given where we believe the powers should be mandatory and insisted upon. In our opinion the bill would be strengthened if these discretionary powers were removed. In other words, the legislation must have teeth if it is going to be successful.

Then one further obvious and glaring omission has been brought to the attention of most hon. members, in that there is nothing in the legislation concerning discrimination against a person because of sex. There are still a number of men—fortunately, a decreasing minority—who seem to think that women are not people. They look upon women as chattels, an idea which I trust will rapidly disappear. However, this matter of discrimination because of sex is something which can be discussed more fully in committee.

Another weakness now apparent in the bill is that it has not outlawed those wretched application forms which insist that an applicant for work must state his or her religion, his or her ethnic origin, or the

place where his or her mother and father were born. The bill would have been much stronger had some thought been given to this subject, and I believe the committee should give careful consideration to the outlawing of such stupid questions in applications for employment.

I have never been able to understand why it is better to employ a man because of his religious belief or the colour of his skin rather than because of his innate capacity to do the work. Yet that is what these application forms seem to suggest.

The minister has told us that there will be a director in this new division, and he added that the cost of the division would not be great. I felt somewhat pessimistic when he made that statement, because I think the government could make no greater mistake than to burden with the directorate of this division a man who already is doing something else. Whoever is to be the director will find that he has a full-time job. This is one place where I am sure the members of the various parties in the house would not object to an increase in costs of a department, if we knew that the division was going to function properly.

The minister has said the government worked with other groups throughout the country to try to create a society in which prejudice would have no place. But if we are going to do that properly people will have to be educated; and if we are going to educate them we must be prepared to spend money. I would hope that the director of this division would not be merely an administrative head, but rather one who would conceive it as his duty to act as an educational spearhead in the fight against discrimination all across the country.

While at times we in Canada may think we are free from the more baleful influences we see in other nations, nevertheless we do see examples in this country which would indicate that this kind of education is required. In my journeying around Ontario I have found repeatedly that many who have been settled here for some generations insist upon describing as foreigners those who have been immigrants to this country, but who have now become Canadians. Nothing could be more distasteful or insulting to a Canadian who has taken out Canadian citizenship than still to be referred to as a foreigner.

It is that sort of attitude which we hope education will change, and change for the better. If we insist upon describing these Canadians as foreigners, perhaps it is because they have lived on the other side of the tracks. In Winnipeg I live on the other side of the tracks. I am very happy about it and proud of it, because I could not hope to live among better people.

However, discrimination does exist in part of almost every community in this country and, indeed, most other countries. There are various bases for discrimination, but, after examining into the subject, I would conclude that, apart from ignorance and prejudice, the greatest is an economic one.

I recall vividly that before the depression people would live as neighbours. They might be of different ethnic groups but, in normal, good times, they would get along very well and continue to be good neighbours. But when times got hard, when there was a struggle for work, a struggle for jobs, a struggle for existence, one would become afraid of the other. He would have the fear that the other might take his job, his very means of existence. When such conditions occur, instead of being good neighbours these people become hostile to each other, if not indeed enemies.

One of the best ways to avoid discrimination is to create and to maintain a society in which there is full employment. In my experience the chief forms of discrimination have been by and large against working people. Anyone who has studied the history of our labour organizations knows full well that race hatred has been used on many occasions as a weapon with which to destroy organized labour. I suppose that that is why labour is such a strong advocate of legislation such as this.

The union to which I belong, the united packinghouse workers, has as its symbol two clasped hands, one black and the other white. The two colours together indicate not only neighbourliness but brotherhood. It is quite understandable why a trade union should have such a symbol. I think labour realizes better than most that racial intolerance, racial prejudice and racial hatred is one of the most dangerous fifth columns we can have in this country and of course it shows itself in practice by discrimination against individuals.

Some years ago I introduced legislation before the house which was not dissimilar to what the minister hopes to achieve in this bill. That legislation did not get very far. Obviously this will get much further. I have been so much impressed with what I have seen of the effects of discrimination that I do not think it can be handled adequately except by an amendment to the Criminal Code. In its effect upon people racial discrimination is vicious and should be made a criminal offence. Discrimination against an individual is an insult to that man or woman, an insult to the inherent dignity of the individual, and it should be punished accordingly.

Our experience has been that discrimination has been practised against many of the minorities in this country. We seem to forget that this is a nation of minorities, that there is no one in the majority. When anyone is hurt we should be ready to go to his rescue immediately lest we ourselves suffer in the long run.

I know of many cases where Canadians of Ukrainian descent have complained of discrimination and on examination it has been proved to be well founded. Yet Canadians of Ukrainian descent have been among the hardest workers in this country. They were settled on sparse land and they made gardens out of what was almost desert. They worked day and night to earn a living for themselves and to educate their children. The sons of those people have risen to high positions in many walks of Canadian life. They are to be found at the bar, in commerce and, as this house knows, in politics. As one who lived among them I can say that the record of their sons, and indeed their daughters, during the last war was second to none as the honour rolls of Winnipeg schools can well testify.

They take their citizenship most seriously. I remember when there was a provincial election in Manitoba two or three years ago a Canadian of Ukrainian descent who was 72 years of age decided it was his duty as a Canadian citizen to get out and vote although he was sick in bed. He attempted to get to the voting booth but before he could enter it he dropped dead. That man took his citizenship most seriously indeed. It is intolerable that Canadians such as these should be discriminated against as they have been in the past.

One of the reasons why we support this legislation is our hope and belief that it may help groups such as this. There are others with whom I am well acquainted who have suffered just as badly, and I speak now of citizens of the Jewish faith. Anti-semitism I am afraid is something which is always latent, not the least among employers. In my professional experience I have come across employers who refuse under any circumstances and for no good reason to employ one of the Jewish faith. No reason can be given except that of ignorance. Such ignorance can be dispelled only by educational processes carried out, I would hope, by the minister's department and other institutions and organizations in this country.

I have found discrimination against the Jewish people in every walk of life in Canada, from the universities down through every occupation. Yet who is there to deny that the Jews have made a most distinguished contribution to Canadian life and culture? We can only hope that this legislation will do something to help those who have been so often and so unjustly discriminated against and against whom the hands of their fellowmen have been so often raised.

There are other groups which will hope for relief and help from legislation such as this. A young Polish-Canadian of Winnipeg gave his life during the last war. He was a pilot of a bomber and he ordered his crew to bail out while he continued to fly the bomber until it disintegrated in the air. He was given the Victoria Cross posthumously for his heroism. Yet his people have suffered. Canadians of Polish descent have been among our hardest workers and have contributed much to Canadian life. It is wrong that people such as these who are Canadian citizens should be discriminated against because of their religious views or because they bear names which do not seem to suit Anglo-Saxon employers.

I have brought to the attention of the House of Commons previously the case of certain Canadians of German origin whose sons and daughters were in the armed forces but who were compelled to report month after month to the mounted police who thought perhaps they might be disloyal. This sort of discrimination unhappily runs through almost every segment of our society.

Not the least of those affected are our coloured people. There are not many of them, yet they have suffered as have many other groups, although they are good, law-abiding citizens. Two days ago I happened to be passing through Dresden, and I could not help but think of the wretched action which had brought such notoriety to that community. I have heard of many examples of discrimination against people because they were coloured.

Marisse Scott of Owen Sound hoped to work in a hospital in that town but she was refused employment because the colour of her skin was not acceptable to the hospital authorities. They said to her, "we are sorry, but we do not accept coloured girls." She could not get employment in the vocation which she had decided she wanted to follow, that of nursing. But her parents were not content to let it go at that and they took the matter up further. The trades union congresses of Canada took up the matter and finally Father O'Reilly of Guelph, Ontario, persuaded St. Joseph's hospital to let this young girl work there. She was given employment in that hospital, and all credit to the authorities. She turned out to be a most excellent nurse.

This sort of enormity against human beings has to stop and I can only hope that this legislation will help to stop such stupidity.

I hope that this legislation will really have teeth in it. Yet history of the past has shown that on occasion after occasion employers have opposed such legislation on the ground that they did not really need it and it would interfere with their freedom to hire whom they liked, and all the rest of the usual conventional excuses. But *Business Week,* a reputable businessmen's magazine, had this to say about the United States experience:

> Employers agree that FEPC laws have not caused near the fuss that opponents predicted. Disgruntled job seekers have not swarmed commissions with complaints. Personnel friction has not been at all serious.

We will find exactly the same thing in Canada. Then Mr. Arnold Forster in *Personnel Journal* said:

> Some businessmen have worried that FEPC would involve them in endless red tape and in complicated legal proceedings, but again the statistics show that these fears are unfounded and that voluntary adherence to the law has been the rule rather than the exception.

The time is coming, and I hope it comes soon, when we shall all realize that discrimination against human beings is wasteful socially and economically. What is more important, discrimination against human beings is morally indefensible. It has been put no better than by the most Rev. Bernard J. Shiel, auxiliary bishop of Chicago, when he said:

> A fair employment practices law would give legal recognition to the God-given dignity which every human being possesses. If we are truly Christian, we cannot preach one thing and practice another . . . Economic discrimination is immoral; it is clearly sinful. How long can we expect to sit by while children of God find their paths blocked at every point by the forces of bigotry and discrimination?

We have sat by for a long time. Now we are taking the first step forward, and it is a step which we in the C.C.F. most warmly welcome.

Mr. C. E. Johnston (Bow River): Mr. Speaker, I do not intend to take very long to discuss this bill on this occasion. I think it is generally conceded in all parts of the house that the general principle of the bill is going to be accepted as a step in the right direction. Therefore we in this party have no hesitancy in accepting the general principle of the bill. When it comes before the committee no doubt there will be some argument with respect to certain sections and some changes will have to be made, but I think we can all agree on the general principle.

It has been pointed out that Canada is a great nation, and we all recognize that fact. One of the obligations which we as Canadians must assume is that of seeing to it that everybody has the opportunity to be employed. Certainly in our country there should be no lack of opportunity, and when those opportunities present themselves it should be the privilege of any Canadian to make his livelihood by being employed in the development of the resources of the country. In my judgment the bill provides a basis, at least, whereby all can enjoy the opportunities presented by our country.

Generally speaking I think nearly all industries and individuals would like to be as fair as they can to their employees in giving employment regardless of race, religion or colour, but it seems to me that many of the difficulties that present themselves to such employers are not nearly so great as they imagine. I believe that one of the difficulties in enforcing a law such as this is not going to be so much the question of legal enforcement as it is going to be a matter of education. When we get our people educated to the point where race, religion, creed or colour make no difference, I think we will have gone a long way in getting over the racial, religious and colour difficulty.

I do not believe there are very many members of the house who have not had a great number of letters and other communications from women's organizations throughout the country presenting the problem with which they are faced. They contend, and probably rightly so, that one of the faults of the bill lies in the fact that no provision is made against discrimination as to sex. When the bill goes before the committee I think every opportunity should be given to the women's organizations to present their briefs and support their claims. Then the members of the committee will be in a much better position to judge what action should be taken.

There is also another form of discrimination so far as labour is concerned that is not mentioned in the bill and which is becoming very widely practised in this country. I refer to discrimination on the ground of age. It seems to be the current practice of industry now to retire a fellow when he reaches approximately 50 years of age whether or not he has sufficient pension or income to take care of him. When he reaches 60 they are mighty sure that he is old enough to retire, and when he gets to be 65 they kick him out. One of my friends behind me says that he might be ready to go to that other house over here by that time, but that depends.

Mr. Speaker: Order.

Mr. Johnston: Again it is purely a matter of opinion. That too is dependent upon education.

Mr. Hansell: The poorhouse, you mean.

Mr. Johnston: Some of these questions will probably confront us as the bill advances through its various stages, but I think the proper place to discuss them is in the committee. I am pleased that the minister has said the bill will be sent to the committee, and it seems to me that is the time when further discussion should take place. We are glad the bill has been introduced, and we accept the general principle of it on this occasion.

Mr. David A. Croll (Spadina): Mr. Speaker, may I first say that I appreciate the kindly reference made by the minister to the part I played in the formative stages which led to the introduction of the bill today. The fact of the matter is that the minister's name appears on the bill and the credit is his, but I appreciate that there is enough reflected glory for the rest of us.

It is my view that this bill does credit to this great House of Commons. I am pleased to join with other members in hailing it as the latest step in reducing racial and religious discrimination in this country. I am both pleased and proud to be associated with a government which is making an earnest effort to maintain this and other basic principles of human rights. By passing the bill we indicate that we are realists and we give a lead to the provinces and to industry. It is now written, it is spelled out, endorsed by parliament and supported by the Canadian people.

As other members of the house have already said, intolerance and discrimination are the two sides of the coin of infamy which has been current far too long. It is the duty of all of us, nations no less than individuals, to wipe out this base currency which is a constant threat to our freedom. I am reminded of the words of Mrs. Eleanor Roosevelt, a great woman, spoken several years ago when she told of her embarrassment while she was chairman of the United Nations human rights commission owing to the prevalence of racial intolerance in her country. These are her words:

> Racial discrimination is now an international problem. Each account of discrimination, segregation or lynching discredits us abroad. Racial discrimination is the weak spot in our democracy. We must re-examine ourselves and work out a solution as quickly as possible.

It can be added that discrimination is also a source of grave infection within a nation. No country can be healthy or secure so long as that infection goes unchecked. So far as this country is concerned I am very happy to say that the incidence of acts of discrimination has always been low. I believe this is due partly to the good sense of our people and partly to the fact that almost every one of us in Canada belongs to a minority group in some sense, be it racial, religious or linguistic.

With so many minorities living together we are more concerned with respecting each other's freedom because we know in the long run it safeguards our own freedom. Yet we must be honest enough to admit that prejudice and discrimination are not unknown in Canada. Unfortunately these ugly things do exist, these cancers in the flesh of our freedom; and they call for the application of preventive medicine without delay. Many of the symptoms do not appear dangerous to some people at first glance. A barber refuses to shave someone because of his colour; a deed of land contains a clause that the land may not be sold to people of a certain race; a winter resort cancels a reservation because of the guest's colour or religion.

Some people do not consider these things dangerous, but they are. They are what Mrs. Roosevelt called "the weak spot in our democracy". If we do nothing about them, if we permit them to increase and multiply, then in the long run we shall be without democracy; for if there is no freedom then there can be no democracy. So we have examined ourselves and we have been working out a solution. Ontario and Saskatchewan have already taken steps along similar lines, and I would like this house to particularly consider the situation in Ontario. I indeed am very proud of it.

In 1944 the province of Ontario enacted a law against discriminatory advertising. In 1950 the conveyancing and law of property act was amended to prevent racial restrictive covenants in conveyances of land. In 1951 the province passed a fair employment practices law. I wish to quote Premier Frost, who is a man of stature and who has a place in the hearts of the people of Ontario. He had this to say on the passage of the act:

> I think our people in this province do not want to discriminate. They do not like it and do not want it. The position of the government and my personal position is one of strong opposition to racial discrimination of any kind.

The province of Ontario, in passing the fair employment practices act in 1951, took a great step forward. That was the first act of its kind in Canada. Unusual, too, was the inclusion in the act of the following significant preamble:

> Whereas it is contrary to public policy in Ontario to discriminate against men and women in respect of their employment because of race, creed, colour, nationality, ancestry or place of origin;
>
> Whereas it is desirable to enact a measure designed to promote observance of this principle;
>
> And whereas to do so is in accord with the universal declaration of human rights as proclaimed by the United Nations;

There we have very positive, welcome and decisive steps in the long fight against discrimination.

This government is not without credit, and I think I should point out the steps which have been taken by the present minister on behalf of the government. In recent months it has removed, in a number of important areas, the legal bases for some of the more blatant forms of discriminatory practices. I want to review a few of them briefly, as I do not think the minister did himself justice in his opening statement. Perhaps he was a little too modest.

In June of 1952 the Unemployment Insurance Act was amended to include the following subsection:

It shall be the duty of the commission to ensure that there shall be no discrimination in referring any worker seeking employment, subject to the needs of the employment, either in favour of, or against any such worker, by reason of his racial origin, colour, religious belief or political affiliation.

Of lesser importance but still involving the important principle of religious liberty was the amendment in July, 1951 of benefit regulations under the Unemployment Insurance Act ensuring that a claimant shall not be prejudiced under the act when, because of his religious beliefs, he cannot accept work on Saturday.

Possibly the most significant federal measure was the recent order in council, P.C. 4138, dated September 24, 1952, which establishes a fair employment practice policy regarding government contracts effective from January 1, 1953. The preamble states:

—it is considered advisable that a clause prohibiting discrimination by the contractor in the employment of labour in respect of race, national origin, colour or religion should be incorporated in all contracts made by the government of Canada for construction, remodelling, repair or demolition of public buildings or other works, or for the manufacture and supply of equipment, materials and supplies.

Today we are considering a further step in the same direction but, before going on with that, I should like to put on the record something this house has overlooked. On February 3 there was a bill before this house entitled the Royal Style and Titles Act. There were admirable speeches made in the house that day by all members who spoke. I want to refer particularly to part of the speech made by the Prime Minister (Mr. St. Laurent) as it appears at page 1567 of *Hansard*. His words are most expressive; they are beautiful words, and they ring so genuinely:

We all know from our own Canadian experience that unity between us, unity between all the elements of our population, is and must be based upon that recognition by us all that we are all equal to each other and that all have the same rights to Canadian citizenship, and that Canadian citizenship gives us equality in every respect with all our fellow-citizens, whatever their origin, their traditions and their cultures may be. It is because our forefathers had the wisdom to recognize that it was not going to be necessary in this Canadian nation to pour all the elements into the same mould that we now have a Canadian nation.

We are all proud of being Canadian citizens because we can be so and can exercise all our rights as such without forgetting our racial origins, our ancestral traditions, and without there being any effort by any of our fellow citizens to make us over into any other kind of Canadian than we happen to be because of our racial origins and with our ancestral traditions.

The bill before us at the present time calls for no racial discrimination, particularly with regard to membership in trade unions. The stakes which trade unions have in discrimination being wiped out are certainly as great as those of management. Fortunately Canadian labour unions have directed a strong campaign for the enactment of fair employment practices, and are deserving of much credit for their persistence in this regard. Their resolutions passed at annual conventions, their briefs presented to the government, their constant vigilance in reporting on discriminatory practices, should not go unnoticed at this time when we are considering this legislation. Nor should the efforts of other groups, religious, fraternal, welfare and minority bodies, who have acted on their own or in co-operation with labour organizations to end discrimination in this country.

I need only remind you that Canada has received since the end of world war II new Canadians to the extent of 165,000 who have survived nazi concentration camps. If it were to permit these people alone to become established and employed as citizens equal in status to native-born Canadians, this fair employment practices legislation would be more than warranted. By this legislation we show these people that their suffering, their persecution and discrimination has been fully replaced in Canada by a sense of tolerance and understanding, in employment and in other ways.

I want to take issue with those who say you cannot legislate for tolerance. This type of remark is made too lightly by people who want to dismiss this problem without thinking it through. Has the Criminal Code not acted as a deterrent to lawlessness and crime? I do not believe it is far afield to say that you can legislate for tolerance. I am convinced that most people are not intolerant by nature. They may, and indeed they often do, fall into intolerance through carelessness or lack of consideration, or they are led astray by a bad example. Legislation in this field can have a very direct effect upon

human conduct. First of all it brings to light the fact that society officially disproves of intolerance and discrimination. I do not think we should underestimate the effect of social disapproval on people's minds. Secondly, by positively discouraging acts of discrimination it will reduce the incidence of such acts and so reduce the number of bad examples which others might be tempted to follow.

I am not suggesting that an act of parliament is sufficient to transform an intolerant man into a tolerant man, but it definitely can introduce a climate that will foster the spirit of tolerance and the reduction of discrimination. Law not only expresses custom; it creates it. I am satisfied that the vast majority of our people are not intolerant, but some of them may be potentially so. There is in every society a fringe, the young, the impressionable, those with real or imagined grievances, who can fall prey to intolerance if it is allowed to work on their minds. If we keep them on the right track, if we show them society frowns on discrimination, if we prohibit acts of discrimination by law, then I believe we will have gone a long way toward eliminating the vice itself. The government, by setting an example of tolerance within its own sphere —that is all that can be expected of it— can accomplish that. It can set a standard of public morality which is bound to have an effect on industry and the private citizen.

I am particularly hopeful as to the future of this legislation in establishing a national standard. In this connection I recall the experience of the wartime labour regulations. As hon. members are aware, that was a revolutionary advance in labour legislation in Canada. Imperfect though it was, it set a national standard for labour regulations which left its mark on every factory and home in Canada. Then when the dominion partially vacated the field of labour regulations at the end of the war, the provinces drew heavily on the national code in framing their own labour laws. Thus the dominion established a standard and a practice which moulded the pattern of labour relations in this country. In the same way, I anticipate with confidence that our good example here will be followed across the nation by the provinces.

Let no one think that legislation such as this is mere whistling in the dark. The experience in Canada, and in various states in the United States, has proven that regulation of employment practices really works. There has generally been an acceptance of these government standards which speaks well for the future of human relations. Discrimination in employment can be brought under control. But it is not enough merely to enact the law. It must be enforced, and it must be accompanied by continuous public education. I do not propose to devote too much time today to a consideration of the enforcement aspect, other than to say that there are no great obstacles in the way.

This bill does not have as its purpose the abolishment of prejudice; that is to change human nature. It is a law to prevent anti-social manifestation of prejudice. It is possible of enforcement, and it can be determined that men are denied employment because of racial or religious prejudice or for other such reasons. It is a difficult task, but we do it every day before our labour relations boards when men, who have been discharged for union activity, obtain a hearing and are often reinstated. It does need a patient, perceptive approach. I am satisfied that the Department of Labour has sufficient good men in its ranks to do the job conscientiously and well. The important thing is that the law be enforced. It must not be allowed to sit idle on the statute books, and I am sure it will not.

But enforcement alone is not enough. Authorities agree that the elimination of intolerance depends, in the long run, on a process of continuous education. I appreciate that this matter of education is not one that can be provided for in this bill. I am concerned to raise it at this point as an indication of what remains to be done after this bill has been enacted as law. Education is an indispensable part of the act. It can only be administered with great restraint, and with understanding of some prejudices that, unfortunately, have roots in our Canadian life. There must be recognition that persuasion is generally more potent than coercion in leading men to change their long formed habits.

Just as education may be essential to the act, so this act will be considered an indispensable element in directing men to follow fair practices. Law is the most potent educational force that we have. The lack of law in this field of human relations suggests that discriminatory employment practices are acceptable; whereas the passing of this bill would be the sign that discrimination on grounds of race and religion is deplored by the community as a whole.

Intolerance is the product of darkness and ignorance. I believe firmly that it can be brought under control by legislation like this, and experience bears me out. Our schools, our churches, our community organizations are already doing much in this direction, but their work must be increased. Public opinion

must be brought to bear on the problem in order that we may have not only obedience to this new law but also understanding and acceptance of what it means and what we are trying to accomplish.

Finally, Mr. Speaker, I think the days of discrimination in this country, for the reasons for which this act is passed, are numbered. Mind you, the end of discrimination and prejudice will not come about automatically. It will require hard work and determined effort. But ours is a democratic and resilient society. It has shown fundamental respect for human rights, and it has absorbed change in response to the will of the majority. The sooner we learn to practise what we are brought up to believe, the sooner we will be at peace with ourselves and our neighbours. The late President Roosevelt wrote just before he died:

> Today we are faced with the pre-eminent fact that if civilization is to survive we must cultivate the science of human relationships—the ability of all peoples of all kinds to live together and to work together in the same world at peace.

We add a new weapon to our arsenal for strengthening democracy at home. I close by quoting a man of great eminence, James Cardinal McGuigan:

> We must endeavour to accord to all men of whatever colour or creed equality in the fundamental rights of the human person, equality in the respect due to man's dignity, equality of rights of employment.

Mr. George H. Hees (Broadview): I was pleased indeed to hear the Minister of Labour so generously pay the credit which was justified to the hon. member for Hamilton West (Mrs. Fairclough) for the part she has played in bringing this matter before the house. We all know, as the minister mentioned, that last year she introduced a private member's bill almost identical to this bill and withdrew it at the government's request so that a government measure could be brought forward at this time. I feel that a great deal of credit is due her for the fact that we are discussing this very important bill today.

I was also very pleased to hear the minister pay credit to the hon. member for Spadina (Mr. Croll). I think all hon. members know the work he has done over the past few years in bringing this matter to the attention of the government. I am particularly interested in the work of these hon. members, because the hon. member for Spadina defeated me the first time I ran for this house, in 1945, and I was elected the same day as the hon. member for Hamilton West. The hon. member for Spadina also happens to be my member of parliament, so of course I take a great deal of interest in everything he does in and out of the house.

I believe the principle embodied in this bill is a very important one indeed, not only for the application which it will have to the industries to which it will apply, but also for the educational value it will have on all industries throughout this country.

The fact that we in this parliament are in favour of this measure is a clear demonstration that the people of the country are in favour of it because, after all, we are simply their representatives. This legislation should provide a great deal of encouragement to provincial governments right across the country to introduce similar legislation in the near future.

In Ontario we have had a fair employment practices act in operation for the past two years, and it has proved to be both workable and beneficial. During the first year of its operation only five complaints were lodged with the Ontario department of labour, which is an indication of how well the act has operated in that province.

Many people ask this question: Can you eliminate discrimination by legislation? They point out the fact that an employer can give any number of excuses, other than the right one, for his refusal to employ a certain applicant for a job. If the employer persists in refusing to employ people who fall into one or more of the categories specified in this bill, these rejections will form a pattern. This pattern will make it possible to prosecute the employer and get a conviction. From then on it will become increasingly difficult, if not impossible, for that employer to break the law.

As I said earlier, another important reason for passing this bill, and I believe it is the most important reason, is the educational value it will have. If we in this parliament demonstrate our belief in this measure by making it law, I believe the effect this legislation will have on industry throughout the country will be very great indeed. Heads of companies will then have been given a clear lead by the government, and it will be up to them to impress upon their personnel directors, their superintendents and their foremen the importance of judging an applicant for a job solely on his merit and on no other basis.

I have found from practical experience that those who are responsible for employment within a firm can be educated to observe the principle embodied in this bill; and they have found, often to their very great surprise, that the people against whom they have held a prejudice in the past have turned out to be no different from all other people with whom they live and work. The resulting effect upon their outlook is very refreshing indeed.

I believe this bill will help to make this kind of education more general throughout the country and the result within industry generally will be beneficial indeed.

Mr. Angus MacInnis (Vancouver East): I wish to join with those who have welcomed the introduction of this bill. Credit has been given to certain people for their part in leading up to the introduction of the measure. However, I would rather believe that this bill is the result of the maturing of the Canadian people.

If credit is to be handed out I do not believe I should go without a certain amount of credit myself, because I have given many years of my life to the fighting of racial discrimination, in part in this house, when it was a pretty hard thing to fight. The hon. member for Spadina said that great credit was coming to the government for what they had done. I would say there is great discredit also coming to the government for what they did, because do not let us forget that it is only four or five years since people in this country were deprived of their vote simply because of their race and religion.

Many times I have been amazed and dismayed by the depths to which otherwise decent people would stoop to use racial prejudice against a political opponent. I believe that is a thing of the past in Canada; I do really believe it, and I am glad indeed that that is so. In my opinion racial prejudice and intolerance are not things that are a part of the human attitudes and human behaviour. In Vancouver I live near a high school, and I know that even when racial discrimination and racial issues were at their height in that part of the country, I could walk out any day and see youths of various colours, various nationalities and various racial origins walking together. I would see girls who were Chinese, Japanese, Scotch, English, Irish and every other nationality walking arm in arm along the streets, with no thought that one was different from the other.

I discussed this matter at one time with a high school principal. He said, "We have no difficulty at all with the race question in this school. There is no feeling in the matter on the part of the pupils. It is only after they have been in the universities and are approaching graduation, and are beginning to look for jobs, that they notice someone is Jewish, that someone else is Japanese or someone else is of some other nationality." The feeling of prejudice, the intolerance between one racial group and another, is the result of ignorance and a lack of understanding of our common origin, intensified by economic circumstances.

I believe I should know as much as anyone about racial prejudice, because I suppose no people in the world were more intolerant not only of other races but of different sections of their own race, than that from which I have come. The Macleods hated the Macdonalds, and the Macdonalds hated the Macleods; the Gordons hated the Stewarts and the Stewarts hated the Gordons; the MacFarlanes hated the MacDougalls, and the MacDougalls hated the MacFarlanes—and I imagine the MacInnises hated all of them. But that is of the past. The clans are all agreed now that all of them are really the salt of the earth; and if what I am saying were not being reported I would like to say that I agree with them.

Then the question of enforcement arises. I am not greatly concerned about that, because I do not think it will be a big problem. This is as much a step in education as a step in statutory law. I believe we can eliminate racial intolerance and racial discrimination when, no matter what the circumstances may be, each one of us will denounce that sort of thing every time it raises its head, no matter when or where. So I am not greatly worried as to any difficulties that may arise in connection with enforcing this legislation. I think it will operate in much the same way as the traffic lights on our streets. People observe them automatically and almost universally. Sometimes a drunken or a reckless driver will drive through a red light; but most people observe them because they know there is something back of them. They know the police and the courts stand back of those red lights. They know, too, that it just is not the thing to do to disregard regulations which are helpful to everyone.

I am convinced that the great majority of the people will react in that way toward this legislation. I shall not detain the house further, but would only repeat that I am pleased indeed the minister is bringing this legislation before us, and I express the hope that it will become law before parliament prorogues.

Mr. Daniel McIvor (Fort William): Mr. Speaker, I wish to add only a brief word, because there are some points I want to have clear.

First may I congratulate the minister upon the intelligent way in which he explained the principle of the bill; even I could understand it. The people today who are receiving the workers are the employers. That includes not only the dominion government, but those other employers engaged in carrying on work throughout Canada.

Then the unions must receive the workers. There are groups who will not receive all workers. For instance, a union may raise its

hand against some workers; a contractor may advertise by stating, "No coloured people need apply; no man or woman from the Orient need apply".

Both these restrictions should be ruled out. I know that at the lakehead we have contractors who are practising the principle contained in this bill. Some will recall that when the orientals were forced out of British Columbia some of them were wise enough to stop at the lakehead. They received employment there, and today they are just as good workers as we have, even as good as the Irishmen. Not only are the Japanese good workers, they are also good citizens. Today they are taking their place at the lakehead, and many of them have become some of our best athletes. One of the best umpires in our hardball games last year was a man of Japanese origin.

But the question is this: Will all the people of Canada, no matter what their ideologies may be, receive these citizens? I doubt it very much. We know that today many workers have been expelled from union executive positions. What does the minister intend to do with people who have not the inclination to be loyal to Canada and to Canada's queen? I think we should have an explanation along those lines.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, those who have spoken on this measure this afternoon have presented the case for it so well that those of us who come along at this stage of the debate hardly need to take very many minutes. However, I feel that this is one of those occasions when parliament is really dealing with something fundamental. In my view there is nothing more basic than the fact that all human beings are created equal and that our rights should be equal, not on the basis of race, colour, creed or religion but simply on the basis of the fact that we are human beings.

It has taken the human race a long time to approach the realization of that principle, that ideal, but I believe we have made considerable progress toward its realization. I believe that one of the allies in the battle against discrimination, in the battle for equality of opportunity among all peoples, is legislation. I agree with those who have suggested this afternoon that we need education, as well as other forces, but it is also true that something can be done by legislation. Therefore I am glad to see this legislation being brought forward at this time.

I happen to be a member of the committee to which this bill will go and I shall have an opportunity there to express my views on some of its sections. However, I did want to indicate my wholehearted support of this measure and to associate myself with the remarks of my colleagues the hon. member for Winnipeg North (Mr. Stewart) and the hon. member for Vancouver East (Mr. MacInnis), and also with the support that has been indicated by members of other groups.

I noted in particular the suggestion made by a number of members that legislation of this kind being enacted at the federal level may well play a part in encouraging provinces that have not passed legislation of this nature to put such legislation on their statute books. As a matter of fact I feel that that has happened already in the case of my own province of Manitoba. Unions and other interested groups in Manitoba have been trying for a long time to persuade the government of that province to enact fair employment practices legislation. That government has shown itself interested, but has been reluctant to act.

When we met on November 20, 1952, to hear the speech from the throne that opened this session of parliament it was indicated that there would be fair employment practices legislation at the federal level. Lo and behold! when the Manitoba legislature met a few months later it was announced by the government there that they would follow suit. So I suggest that there is validity in the hope that although this legislation applies only to workers who come under federal labour jurisdiction, it will encourage those responsible for labour matters at the provincial level to follow suit. I hope it will not be long until legislation of this kind, or even better, will be the rule throughout the country.

I am glad the decision has been made to refer this bill to the committee on industrial relations so we can study it carefully, and so interested bodies, particularly the trade unions which have been so keen on this legislation, will have an opportunity to appear before the committee. Indeed that committee will have some interesting sessions when it meets, which I take it will be shortly, because we will have before us not only this bill but also the subject matter of another bill, namely the one in my name which provides for the check-off of trade union dues, in support of which various labour groups will wish to make representations.

With these few words I am happy to indicate my wholehearted endorsation of the principle of the bill now before us.

Mr. J. W. Noseworthy (York South): Mr. Speaker, before the minister closes the debate

I want to say that I support this legislation. Like the hon. member for Vancouver East (Mr. MacInnis) I fail to see any great reason for expressly congratulating the government upon the introduction of this particular piece of legislation. As in so many other instances to which we have called attention in this house, the government is following public opinion rather than giving progressive leadership. It is because legislation such as this has become reasonably popular, it is because the need for it has been shown by trade unions across this country, it is because a great deal of basic educational work in this field has been done by the trade unions that the government comes along with this legislation. Nevertheless we welcome it and shall support it.

I would suggest that the government could assist in this field by giving financial aid to those agencies whose primary purpose is the breaking down of racial and religious bigotry and prejudice in this country. There are some organizations which have done a great deal toward this cause. But unfortunately there are other organizations of good repute which contribute to disaffection between peoples of different religions and beliefs. I think the government should give consideration to rendering assistance to such organizations as exist for the primary purpose of breaking down this prejudice and bigotry.

It is important to a country of minorities such as Canada that there should be a greater degree of national unity established. I am one of those who believe that eventually this must become part of our Criminal Code, and that injury or mischief to public interest shall include the promotion of disaffection or ill will or hostility between peoples of different religions and beliefs.

In the meantime education can be assisted by legislation. Those who are engaged in the educational field and the breaking down of these prejudices find it most difficult when children, for instance, are taught tolerance in the school and then find intolerance in their homes, in business circles, and in other fields as the rule of life in the world in which they have to live. Anything the government can do by way of legislation such as this to give assistance to organizations promoting unity will help to build Canadian unity.

There is one omission with which I am concerned and which has been called already to the minister's attention. That is the omission of the word "sex", and of any reference to the elimination of discrimination in regard to employment because of sex. The minister has told us that the legislation is in line with the United Nations charter and the universal declaration of human rights. I am sure I do not need to remind the minister that the preamble to the United Nations charter includes among other things a reference to the equal rights of men and women. The universal declaration of human rights says in article II:

> Everyone is entitled to all the rights and freedoms set forth in this declaration, without distinction of any kind, such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status.

The fact that the bill is going to the industrial relations committee encourages us to believe that possibly the government may be willing to accept a suggestion from the committee that the word "sex" be added to the bill so that it will include discrimination on the basis of sex as well as on the basis of national origin, race or religion. Certainly our C.C.F. representatives on the committee will put forth that plea to the government, and I am confident that others will also do so. I can only hope the minister will lend an ear to that request, and that such a provision may also be included.

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, before the minister closes the debate I have a few thoughts on the principle of the bill that have not been expressed by anyone so far, and I should like to give voice to them at this time.

I agree with everything that has been said about the bill being a step in the right direction. The fact that there will be a national basic law on the matter of discrimination will be a deterrent to those who might practice it. A good example of that is the federal statute on civil reinstatement of members of the armed forces, which is enforced by the Department of Labour. We have not had many cases arise but there have been some, and I am reasonably sure that if there was not an act compelling employers to employ returning service personnel we would have had a great deal of difficulty in having many returned servicemen re-employed.

As an example of how that legislation is enforced, I had a case recently—as a matter of fact I have had several since the legislation has been in effect—of a boy from Korea. When he returned and made application for his old job he was told that there was no employment for him because someone had filled his place. He asked the personnel manager of the company if he knew about the Reinstatement in Civil Employment Act, and pointed out that he had a right to re-employment under that act. The answer he got was that the government was not going to tell them whom they were going to employ. That young fellow came to see me. I got in touch with the Department of Labour in Ottawa,

and inside of 48 hours there was a man in that area who definitely told the manager of the company that it was the law of the country, and that it was enforceable and would be enforced. The boy was back at his job within 48 hours.

The fact that this legislation will be on the statute books in my opinion will have the same result that the hon. member for Vancouver East (Mr. MacInnis) described. It will be generally observed as our traffic laws are.

I have looked over the organizations to which the bill applies, and I am disappointed to see that so far as the application of the legislation is concerned the words "political discrimination" have been omitted. In the United Nations bill of rights discrimination on political grounds is also included, and as a member of the industrial relations committee which will consider the bill now before us I am going to attempt to have that provision included. I think it is badly needed because, while government members look upon the bill as a desirable thing and many of them have expressed their approval of it, I want to remind them that there is considerable political discrimination in this country on the grounds of patronage.

I do not have to leave my own riding to give instances, and it applies right across the country. Many times government contractors have come there on some large project, and one of the conditions laid down by the contractor has been that the applicant for work get a slip from the chairman of the patronage committee in the area before he will be employed. Therefore I am looking forward with interest to the enforcement of this legislation along that line. The very government that is passing the act condones, unofficially at least, a system of employment by contractors whom they employ that I think could very well be discontinued under the terms of this legislation if the words "political discrimination" were included.

Then there is another omission that was mentioned by the hon. member for Bow River (Mr. Johnston), that of the man who is 40 years of age. Employers right across the country have a policy at the present time under which they will not hire anyone in their plants, factories or mines who is over 40 years of age. That is discrimination because of age.

An hon. Member: Governments, too.

Mr. Gillis: Governments take the same stand. While we are doing a desirable thing in trying to eliminate racial and religious discrimination, let us not forget for a minute that thousands and thousands of Canadians are walking the streets today because of discrimination against them on the ground of age. The reason for that of course is that companies that have established pension plans are not employing anyone who is not young enough to make a substantial contribution to the pension fund before he reaches retirement age. A citizen of Canada who has reached the age of 40, and who still has about 20 good productive years ahead of him, should not be discriminated against because he happened to become unemployed when he was approximately 40 years of age.

Another instance of discrimination so far as employment is concerned very badly affects ex-servicemen. The minister, who was minister of veterans affairs for some years, realizes that in every part of the country where there is heavy industry young men may come back from service with war wounds and disabilities incurred during service entitling them to a pension at the rate of 5 or 10 per cent, but in the areas in which they live they are 100 per cent disabled as far as employment is concerned. That is because one of the requirements for employment is that the man pass a medical examination, and when the company's doctor finds that he has a 5 or 10 per cent pension then he is not considered fit for employment in heavy industry and he is not employed. I am sure that members of the house representing ridings where there is nothing but heavy industry have many such young fellows come to them trying to find some way of securing employment.

Provision should be made in the bill to cover the three points I have mentioned, political discrimination, discrimination against young men who may have a 5 or 10 per cent disability, and discrimination against men who having reached the age of 40 still have 20 years ahead of them in which they can produce, but are debarred from employment as a result of the general policy adopted by employers.

I wanted to make these points, Mr. Speaker, because I intend to press for their inclusion in this bill when the committee is set up. I see no difficulty in enforcement of these things. I think the bill will work just as the Reinstatement in Civil Employment Act works.

Members can help in this matter of education. Members can talk about it, and they can assist in cases where there is discrimination. If employers across the country are not living up to the terms of this bill the best medium of education is the member of parliament in his riding publicizing its provisions and assisting those who may be affected.

It is not easy for people across the country to understand the mechanics of the bill and

to know how to go about obtaining redress under it. The member of parliament is the best agency in the matter because he knows the necessary mechanics for getting redress under the terms of the bill. Example is the best method of education. If the employers of this country desire to implement the terms of this bill all they have to do is put it into practice in their industries, plants and mines across the country.

On the other hand, trade unions have been pressing for this for 50 years. I remember it being a subject matter of debate and resolution in local unions at least 30 years ago. The trade unions too can practise the virtues of this legislation by opening their doors and admitting suitable people where they can be found; and I have particular reference to the coloured people in this country who have been discriminated against for a good many years.

If the unions and employers set the example across the country there will be no difficulty in working out the problem. I am not really concerned about the broad problem of racial and religious discrimination, but I am concerned over the discrimination cropping up in connection with our own citizens, people who were born in this country, because of age, war disability, or the other matters that I mentioned.

I shall not take up more time, but I wanted to let the hon. member for Spadina know that as a member of the committee I will seek his assistance in having these points covered in the bill. If we are going to give the provinces and others a guide in this field, then we should make this bill as tight and all-inclusive as possible. I do not think the time is far distant when most of the provinces in Canada will be following the lead of the federal government in this matter.

Mr. W. J. Browne (St. John's West): I would like to make a few remarks on this subject before the minister replies. First I would like to congratulate those responsible for the introduction of this legislation: The hon. member for Spadina (Mr. Croll) who has worked for and advocated this for such a long time; the minister, for his fine sentiments expressed when introducing the bill; and the hon. member for Hamilton West (Mrs. Fairclough) for the work she has done on this subject.

I think everyone here is in perfect agreement about the desirability of this legislation. As some hon. members have pointed out, there has been a gradual recognition over the years of the fundamental human right that all men are born equal in the sight of God; and this bill gives legislative effect to the aims of the second commandment to love your neighbour as yourself for the love of God. We are all children of the same Father and therefore ought to treat each other as brothers.

It is a long distance from the old days about which I have heard in my own family. When immigrants went to the United States they saw signs on the factories saying "No Irish need apply" or "No Catholics need apply". I think every one of us in our own experiences has come across examples of prejudice either toward ourselves or toward others on account of race, religion or colour. I remember very well an example which occurred over 35 years ago, and I am glad to say that I took the part of a negro who was refused admission to a certain organization with which I was connected and in which all the others were white. I remember that I advocated that he should be allowed to enter.

I would also say that this legislation owes much to the influence of the trade unions and those who have been connected with the co-operative movement. We had today an appeal by the member for Kootenay West (Mr. Herridge) on behalf of the co-operative movement addressed to the Minister of Finance (Mr. Abbott). I must say, having been connected with the co-operative movement for many years, that I believe one of the chief attractions to the movement for those who have joined has been the principle of universality, that everyone is entitled to join no matter what may be his creed, colour or race. That gives a feeling of brotherhood, and people work together. I believe it is one of the reasons for the success of the co-operative movement during the last hundred years. They have recognized universality as the first of their principles.

I agree with the hon. member for Cape Breton South (Mr. Gillis) that consideration should also be given to the inclusion in this legislation of a clause dealing with political discrimination. Although the minister may have used his influence to have inserted in government contracts a clause that no one shall be discriminated against on account of his political affiliations, I feel quite satisfied, from my own experience, that men have been debarred from employment on government jobs or jobs undertaken for the government by contractors, whose reputation is that they are supporters of the government; and such men have not been given employment. I think that in the committee stage consideration should be given to that question.

I should also like to state that I have received, as no doubt other hon. members have received, communications from women's organizations across the country, and especially from my own part of the country, asking for the inclusion in this bill of a clause dealing with discrimination on account of sex. I believe, and I have been informed by those

in authority, that it is not suitable to have such a clause included in a bill of this kind; however, the hon. member for Hamilton West has on the order paper a bill which deals with this problem and which would provide equal pay for equal work regardless of sex.

I have nothing more to say except that I hope the function of this committee will be performed in perfect harmony, and that we shall have brought back to us a bill which is improved in every respect.

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

Mr. Gregg: Mr. Speaker, in closing the debate I need only refer to one or two particular points that were made this afternoon.

First I would like to touch very briefly upon the point made by my hon. friend from Fort William (Mr. McIvor). I want to assure him that this bill will not, and I repeat "not", require our trade unions to accept persons who have proved their intention to propagate subversive activities in Canada, whatever the background of those people may be.

Mr. McIvor: Thank you.

Mr. Gregg: We can deal with that further if necessary when the bill comes back to the committee of the whole, but I want to make that point quite clear at the present time.

Equally briefly may I refer to the remarks made by the hon. member for Cape Breton South (Mr. Gillis) in which he referred to political discrimination. Whatever one may say about political discrimination in general, in so far as my bill is concerned I want him to read section 3. That section sets out those undertakings and activities to which this bill will apply; and I am quite sure he would not want this government, or the Minister of Labour, to look into the activities of various firms who are free and independent and to dictate to them whether their employees should be supporters or non-supporters of the Liberals, Progressive Conservatives, or members of the C.C.F. or Social Credit parties.

On the other points he made, namely that sex, disability, age—and I would add disabled civilian workers—should be included here, I should like to ask him, between now and the time this bill goes before the standing committee, to consider whether or not that cannot be more effectively accomplished by sharpening up the placement services of our national employment service. For administrative purposes I should like to keep this bill as simple as possible, so we can get a background of experience in carrying its principle into effect. However, I leave that thought with my hon. friend.

Now, Mr. Speaker, this afternoon I gained the impression that it was the general desire that this bill should go to the committee on industrial relations. I am in accord with that. In closing might I express my gratitude not only for the very kind words that were said in favour of the principle of the bill, but also for the very high standard of the debate in which the members took part this afternoon.

Motion agreed to, bill read the second time and referred to the standing committee on industrial relations.

EMERGENCY GOLD MINING ASSISTANCE ACT

CHANGE IN DEFINITION OF RATE OF ASSISTANCE

Hon. Douglas Abbott (for the Minister of Mines and Technical Surveys) moved the second reading of Bill No. 329, to amend the Emergency Gold Mining Assistance Act.

He said: Mr. Speaker, with your permission and with the concurrence of my colleague, the Minister of Mines and Technical Surveys (Mr. Prudham), who is unable to be present today, I should like to make a statement concerning the bill to amend the Emergency Gold Mining Assistance Act which is before the house.

Hon. members will recall that on November 24 last I announced that the government would introduce legislation to increase the amount of assistance payable to the gold mining industry for 1953 gold production. I explained at that time that rising costs and other factors during the past year had further increased the special difficulties affecting the industry. These developments had placed a number of mines in a position where they might be compelled to close down. The government decided that some upward adjustment in the assistance payable under the Emergency Gold Mining Assistance Act was desirable in order to help prevent the further closing of mines and the consequent hardship which this would cause to communities largely or wholly dependent upon them.

The Emergency Gold Mining Assistance Act has been discussed many times in this house and hon. members are generally familiar with the formula by which assistance is calculated. In brief, the amount of assistance a mine receives depends both upon its costs of production and upon the number of ounces of gold it produces. The bill now before the house will broaden the formula for calculating the amount of assistance for the calendar year 1953 by changing the rate of assistance element in the formula. The act in its present form defines the rate of assistance as one-half of the amount by which the cost

of production per ounce exceeds $22, with a maximum of $11.50. The proposed amendment will change this definition of the rate of assistance to one-half of the amount by which cost of production per ounce exceeds $18, with a maximum of $13 50. In effect, most mines eligible for assistance will receive an additional $2 for each ounce produced to which the rate of assistance applies.

No change will be made in the other component of the formula. The new rate will apply to the number of ounces of gold produced by the mine in 1953 in excess of base year production, or one-half of 1953 production, whichever is the larger. I would remind hon. members that the mines have a choice of 1948, 1949 or 1950 as base year for purposes of this calculation.

In submitting this amendment for the consideration of the house, I express the belief that it will be of material assistance to the industry generally in meeting its special difficulties, and that it will enable the continued operation of many mines in communities which are dependent upon them.

Mr. Rodney Adamson (York West): The brief statement made by the Minister of Finance (Mr. Abbott) deals with the factual situation concerning the formula for assistance. In my opinion, however, the question on this act goes a great deal further than merely the production of gold and the salvation or the continuance of the gold mining industry in Canada. Vitally important as that is, this bill asks for an expenditure of money to assist in the production of gold. It must, therefore, be considered from two points. First and most important, is gold worth producing? Is this expenditure of money as a subsidy to one industry justified? The second question is, will this palliative preserve the Canadian gold industry?

The first question is the governing one, because if gold has no value to the Canadian economy we certainly should not be wasting manpower and material producing gold, nor should we be asking the Canadian taxpayer to spend this money on it. The question of the usefulness of gold depends almost entirely on its monetary purposes. Here the questions are, can gold help make currencies convertible, particularly the so-called soft currencies? Will freely convertible currencies aid world trade; and can Canada, a small country, do anything in a positive way to assist by her fiscal policy? In my opinion, the answer to those questions is yes. It is because of the importance of this problem which can be called world trade that I venture to take the time of this house to discuss the matter in some detail.

As was evident, and as I forecast last year when the present Emergency Gold Mining Assistance Act was introduced, the cost of this legislation to the Canadian taxpayer is increasing. This bill is immediate and concrete evidence of that fact. The new proposals are a reversion to the old $18 per ounce cost from the present $22 basis, and the maintenance of the present cost bracket at which the assistance is paid by changing the maximum payment per ounce from $11.50 to $13.50. This means an increase in assistance of about $1 an ounce, as the minister said, on the ounces coming under the provisions of the bill. What this will cost is a matter of estimate, and depends upon production and a further rise in the cost of gold mining. I feel, however, that I would not be far wrong in hazarding the guess that it would be in the nature of $14 or $15 million for the current year.

Mr. Abbott: Not the increase?

Mr. Adamson: No, that is the total; that is what it would cost this year. I would be surprised if it did not cost a little more than that, with the increased cost of steel and other materials. I must repeat that the gold mining industry has never asked for a bonus, but only that their product be sold freely on the open market. Unfortunately, owing to deterioration in the industry and the continuing rise in the cost of mining, there are few gold mines in Canada today that could continue operation without this subsidy. In other words the great gold industry, which was last year the greatest producer in terms of dollars of all mineral industries, including oil, is now a creature of the federal government and beholden to it for its very existence. I repeat that the gold industry today is the creature of the federal government. This is the inevitable penalty—it is true of any industry in the world—when an industry abandons the open market economy and accepts subsidies from the government. If this bill has done nothing else, if that simple point can be got across to Canadian industry and Canadian mining, it may have justified itself. This was pointed out by myself and a few others, notably the *Northern Miner*, at the time the principle of bonusing the industry was introduced.

Gold, as far as Canada is concerned, has three main uses. The first use is as a metal of development. Today, when our frontiers are just opening up with regard to iron and uranium, we should look back and see how these deposits were found and where the development money in the first place came from. Steep Rock may be a vastly larger iron ore deposit than as yet we have any idea.

It may be so large, in fact, that it will actually exceed the great Mesabi iron range on which was built the United States industrial machine of the last half of the nineteenth century and the first half of the twentieth century. This range—and I shall call Steep Rock a range, for that is what it is—was discovered by the efforts of two men, Joe Errington and Don Hogarth; they with imagination and capital disclosed this vast asset. Their venture capital came largely from a gold mine which is now closed down at Little Long Lac.

The Labrador finds would have been impossible without the capital of men like Jules Timmins, which was in turn based on the Hollinger gold mine. The nickel finds at Lynn Lake were also discovered by men looking for gold. The Eldorado pitchblende uranium deposit was discovered because the gold deposits provided the funds for La Bine to continue his search. The new Frobisher exploration in the Yukon, as well as what appear to be amazing base metal discoveries by Hudson Bay Mining and Smelting Company, Ventures, Consolidated Smelters, Prospectors Airways and others, are in large part the result of men looking for gold which started, incidentally, in the tough, romantic days of the gold rush of 1898.

Shades of Robert W. Service and Dangerous Dan McGrew! Today there are, as far as I know, no active, straight gold explorations going on in Canada. Gold prospecting is a thing of the past. There is no surer way to close down the frontier than to destroy men's incentive to look for gold. This is the first penalty Canada suffers because of the belief that governments can manage currencies.

So much for the first value of gold to Canada; and I wish to give fair warning that if the Canadian frontier is to be pushed farther north, if we want new Steep Rocks, new Lynn Lakes, new Eldorados, new Labradors, we must have a prosperous gold industry to help us find them.

I come now to the second value of gold to Canada, and that is as a curb against internal inflation. No matter what the short-term situation may be, there is no real evidence that we have checked inflation. In fact there is concrete evidence to the contrary. The recent settlement of the railway dispute will unquestionably mean greater costs of transportation, and costs of transportation are written into every single thing that is bought or sold. If transportation becomes more expensive, the goods which are carried must also become more expensive. The recent 7 per cent increase in freight rates is, in my opinion, merely the start. The security of the people can never be guaranteed by government promises. It can never be guaranteed through pension plans, and it can never be guaranteed through any form of insurance, so long as the national currency has a constantly decreasing purchasing power.

I have pointed out from statistics of the Bank of Canada that the wholesale price index has shown an annual increase of about 5 to 7 per cent for approximately the past quarter of a century, or ever since the Bank of Canada was brought into being. The wholesale price index has risen, with only three exceptions, in every year since the bank was established. These three exceptions were the panic years prior to the outbreak of the last great war, and the readjustment brought about after the outbreak of the Korean war which, in the year 1951, brought about excessive buying and caused what is known as a high erratic in the graph. From the most recent information, the figures for 1953 will equal or even pass that of 1950, putting it somewhere well above the 220 mark. I gather that the February 15 figure for the wholesale price index was 220·9. With this continuous and continuing rise in the cost of wholesale goods, which is a reliable base index, there can be only one result; that is that the purchasing power of the Canadian dollar is continuously falling.

The fact that our budgets are balanced, the fact that our currency sells at a premium over the United States dollar, the fact that we have a favourable balance of payments in world trade, the fact that we have a good pattern of personal savings in the country, do not alter the fact that we also have inflation. With inflation no man is safe, and nothing the average man can do, irrespective of new and greater pension plans and higher and higher wages, of more and more social security, can prevent his eventual pauperization.

With the shorter working week, with the rise in direct and indirect taxation, and with a constantly lengthening life span, it is now impossible for any man who is not wealthy enough to amass common stocks or other equities, commercial properties or a productive agricultural plant, to retire with any degree of security whatsoever; and it certainly makes it almost impossible to provide for his family. This hits directly at the workingman, the man on an hourly wage. Unless we can prevent further destruction of the purchasing power of our currency, we are destroying his security, no matter what glib political promises we make about it and no matter what wages he may now be receiving. I contend, Mr. Speaker, that unless our currency can have a fixed value in gold we shall never be able to assure our retired and pensioned people adequate security.

I have discussed the question of inflation. There is, however, the other side of the coin, namely deflation, caused by the fantastic panic in men's minds over the possibility of peace. The communist propagandists must be having an absolute festival over the behaviour of the New York stock exchange, which has virtually panicked over the proposals put out by Moscow for peace. If ever the capitalist system handed the communists a heaven-sent piece of propaganda, Wall Street certainly has done it this time. I would like just to make one comment about this, and that is no country in the world will prosper by peace so much as Canada. The idea that it is profitable to tax ourselves at the rate of $2 billion a year to produce equipment and material the sole purpose of which is destruction and which in turn is destroyed itself after a very short life, is one of the strange mental processes of the present generation which historians may argue about for centuries to come.

If, however, we do have deflation leading to a depression and the panic fear drives frightened capital into rabbit holes, then as gold in the final analysis is the only real money, the paper value of currencies, stock prices, bond prices, commodity prices and, in fact, the price of everything else will be driven down by this action to a point where the ratio of gold to paper approximates the empirical equilibrium formula of about one to four. This will mean that security prices will decline about 80 per cent. I leave it to the imagination of members of the house as to what sort of depression that will bring about. Anyone who says today that the $35 price for gold is adequate is merely asking for this calamity to happen.

The third factor is, of course, international trade. Quite recently the president of the Canadian Chamber of Commerce stated that in point of view of gross value Canada was the third trading nation of the world. Whether this is correct or not, there can be little doubt that on a per capita basis we are far out in front. Therefore international trade means more to Canada than it does to any other country in the world, and a solution to the currency problem is more vital to us than anyone else. Canada must trade to exist, and any individual or organization who questions this is a voice from the past and a throwback to nineteenth century Whig colonialism.

In this regard I wish to mention specifically the Winnipeg *Free Press* which, for political reasons, has been trying to accuse the Conservative party of advocating trade restrictions. Let me say to this croaking voice from the past that were it not for high taxation and the cost of transportation many manufactured goods could be sold in Canada cheaper than in the United States. I have several instances in my own industrial constituency where subsidiaries of United States companies are making goods cheaper than their parent companies in the United States; but because of taxation and distribution costs the final cost is higher.

The question of trade, however, has little to do at the present time with tariffs. The chief stumbling block to world trade is the lack of convertibility of currencies, and that supreme evil, exchange control. I do not wish to be in any way critical of the United Kingdom government, and no doubt they honestly believe they are doing the right thing, but never in history has exchange control brought anything but ruin. Exchange control is a form of price fixing applied to money. The government attempts to fix the rate at which its nationals are allowed to buy its paper currency in terms of other currencies. The result of this is that, if the price fixed is too high, there is a shortage of other currency. It further creates a chronic excess of imports over exports, which has to be prevented by such measures as embargoes, quotas and absolute prohibition of imports. It diverts production into wrong channels by reducing relative incentives to export. It makes it more desirable to export to soft currency countries than to hard currency countries where there is greater competition. It encourages the continuance of internal inflation; it destroys the safety valve readings by which people can measure the extent of inflation and the degree of world confidence in the currency.

To say that there is a dollar shortage in the United Kingdom is to say that the pound has been pegged at too high a price, and to tacitly admit the error of the $2.80 pound. This I hope to show is wrong. The United Kingdom made two previous fantastic errors with regard to currency convertibility, and for the same reason; they tried to convert at too high a price.

In 1926 the gold standard was restored in England at the 1913 level of around 80 shillings an ounce, equivalent to our old $20.67 price. With a greatly inflated currency base, as well as an enormously increased national debt, there simply was not enough gold to go around at the old rate and, consequently, there was a run on the United Kingdom gold holdings, particularly by France. The United Kingdom lost gold so fast that she was driven off the gold standard in 1931 after the publication and the implications of the May report became understood.

In 1947 the United Kingdom again attempted convertibility at the overvalued rate of $4.03 United States to the pound. This was such an obvious mistake that it caused such a rapid loss of gold and dollars that the most drastic reduction in the price of the pound had to be taken in September, 1949, from $4.03 to $2.80. Whether these two moves, the return to the gold standard in 1926, or the $4.03 convertibility of 1947, were brought about by pride or for whatever reason, they were both fantastic mistakes. Consequently there is today in the United Kingdom an enormous public feeling against convertibility because of these two tragic experiences. It seems strange that a country whose whole life and prosperity were built on free trade should twice in less than a quarter of a century stray so far from the basic principle of free trade in connection with the most important article of all in connection with free trade, namely the national currency, the pound sterling.

Trying to make the pound convertible at an artificially arrived at price is just as ridiculous as trying to sell goods at a price away above the world market. The employment of exchange control, quotas, embargoes and all the other devilish devices of scarcity is the inevitable result. If a currency is to be convertible it must be convertible freely, and the price in terms of other currencies must be decided by the action of the market. Surely our own experience in Canada should be an example for all countries still using exchange control. And here may I say that I advocated, and this party advocated, a return to free convertibility of the Canadian dollar long before the government haltingly adopted it.

To peg a currency and employ control to keep it at that point is like using a fever thermometer which is stuck at 99 degrees. I realize, of course, there are extremely difficult situations in the United Kingdom, and that the problem of the sterling balance held in India and Egypt is a severe deterrent. It is, however, because I have faith in the United Kingdom that I am convinced that allowing the pound to find its own level on the world market would bring about not a decrease in its value compared with the United States dollar but an actual increase, and I am further convinced that if exchange control were done away with there would be a flow of capital into England rather than out of it.

Just the other day I talked to a leading British steel industrialist in the company of a United States banker. I asked them both if exchange control were abolished, did they think United States capital would flow into the denationalized, now privately-owned, steel industry and provide the capital which is apparently lacking within the United Kingdom itself. They both were of the opinion that this would be so and that once capital was allowed to move freely it would find work to do. Idle capital and idle gold benefit no one. Exchange control destroys the usefulness of both.

The sterilized hoards of gold, whether held by governments or by private individuals, do nobody any good; and it is the evil genius of the money managers, particularly in the central banks, which has brought this about. They were ardently encouraged by politicians of all parties who, by managing the currency, could show at least on paper a fictitious condition of prosperity. I ask anyone in this house what sort of prosperity we would be having in Canada if we had to go back to 1938 prices. It would not be national prosperity, it would be national bankruptcy.

It is in this regard that the sterilization of gold is doing so much harm. The world's currencies must have a common denominator, and that common denominator must be freely available to the holders of the world's currencies. In no other way can true international convertibility be brought about. To bury gold in a national fortress, in a private hoard in Tangier, in a bank in Paris or in an old sock under the bed is to destroy its power to help world trade.

I have great sympathy, however, for the man or woman who wishes to keep a personal holding of gold. The little man with his defenceless family who has been ruined through inflation from time to time has full realization that the only way in which he can protect his capital, amassed over the years by the exercise of thrift, which we are all taught is a sound virtue and the essence of good citizenship, is to change his paper currency into gold. With proper functioning, monetized holdings are not sterilized hoards in the ordinary sense but are rather the base on which sound paper currency is issued.

Many of the present critics of gold and some economists have overdone the danger of individual gold holdings. They go back to the fable of King Midas and forget that savings in the form of currency, insurance policies or bonds are subject to raids by governments through planned inflation.

The prime agency destroying the usefulness of gold and delaying free convertibility of currencies is the international monetary fund. It seems ironic that this body, set up primarily to bring about convertibility, has acted as the greatest deterrent to this and to world

trade. The pattern of the operations of this organization is so sinister that some consideration of the bona fides of the personnel should be given. First of all, at the beginning of the international monetary fund at Bretton Woods there was a man called Harry Dexter White, who was reported to have changed his name from Weiss, and who at that time was assistant secretary to the United States treasury and a major framer of the international fund set-up. He was a friend of Alger Hiss and was charged with being a communist and slated to appear before the United States Senate committee. Unfortunately, however, he died before he could give any testimony.

The next communist to be associated with the international monetary fund was Frank Coe, who has been secretary for many years and has only recently been discharged. This man refused to answer charges before the United States senatorial committee as to his communist affiliations. Another man in the organization, Edward Posniak, apparently is still working for the fund. He was called by the committee, but as yet has neither refused to testify nor has he been before them.

Here are three men, two of them definitely known communists and the other under suspicion, who were key personnel in the international monetary fund. I do not say that the international monetary fund is a communist-dominated organization, but put yourself in the place of a communist with executive authority in that organization. What would the communists most wish to do? Surely they would have two objectives. The first would be as far as possible to impede world trade, particularly between the sterling and the dollar countries. The second would be to make ineffective a great United States asset, namely the $23 billion of gold held idle in the United States. Surely the fund, since its inception, has been a prime factor in preventing convertibility and has, through its restrictions, made it extremely difficult for non-dollar countries to buy in the United States. While world trade has shown great growth, it must be remembered that this growth is expressed in depreciated dollars and other currencies whose real purchasing power is now about a third or less of what it was prior to the war.

The other action of the international monetary fund, which is obvious, has been to prevent any use being made of $23 billion worth of gold held idle in Fort Knox. The slogan "Trade, not aid" will be nothing but a pious hope unless some method is found by which the present non-free or controlled currencies can be made freely convertible.

[Mr. Adamson.]

I am convinced, therefore, that long ere this Canada should have stood out against these trade-strangling regulations and demanded that the international monetary fund repeal them or else we should have withdrawn from the fund completely. I believe that just as our dollar, when allowed to go free, has maintained itself as the primary currency in the world, so too, had we the courage, could we have established ourselves as international bankers and made either Montreal or Toronto a world clearing house. It is likely that the United Kingdom will restore the free bullion market sometime in the future, and when this happens Canada will have lost a great opportunity, in fact a golden opportunity.

With the passing of every year the amount of monetary gold available decreases and thus makes international trade that much more difficult. It is estimated, even by figures published by the international monetary fund, that gold made available for monetary purposes runs a bad third behind gold for industry and gold for hoarding. Whether or not the figure for gold being absorbed into industry is a true figure, and does not represent at least in part gold going into hoards in the shape of jewelry, particularly in Asia, is an interesting question. However, the main point is that gold is not being used for monetary and trade purposes, which is what concerns us here.

The figures for gold going into national treasuries or to central banks show a rapid decline, both in total as well as in percentage of production. Prior to the war gold production ran at about a billion to a billion and a quarter dollars per annum based on the $35 United States price. It has shown a decline of about 20 to 25 per cent in the last ten years. From 1946 the international monetary fund has published the free world production, together with the amount of gold going to the central banks. The figures are interesting because they show this point quite clearly. The figures are as follows:

World Gold Production	million	Increase to Monetary Reserve million
1946	$752	$580
1947	767	740
1948	785	390
1949	817	383
1950	844	384
1951	826	212
1952 (estimated)	825	330

Thus it is seen that in the years of the operation of the international monetary fund, gold going to useful purposes had declined from between 75 to 80 per cent of total production to an estimated 40 per cent for

this year, or an actual 26 per cent in 1951. If there is anything which should damn the operation of the international monetary fund it is this decline in the availability of gold for monetary purposes.

Compare these figures with the situation in the ten year period prior to 1939, when the total world gold production was $11·3 billion and the increase in monetary holdings was $10·3 billion. This means that in that period 91 per cent of the total world current production went directly into monetary holdings and only 9 per cent, or approximately one billion ounces, went into industrial use and private holdings. I should like at this point to put a short table on the record which comes from the report of the bank for international settlements, showing the disposal of gold since the year 1946.

Mr. Speaker: Has the hon. member permission?

Some hon. Members: Agreed.

Mr. Adamson: The table is as follows:

(All figures are millions of dollars (U.S.))

Year	Production	Inc. in official reserves	To individual uses	To private holdings	Total to other sources	Percentage of production
1946	763	350	280	133	413	54
1947	774	430	120	224	344	45
1948	798	380	170	248	418	52
1949	833	480	200	153	353	43
1950	858	410	210	288	448	52
1951	844	130	220	484	714	85
Total	4870	2180	1200	1490	2690	55

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Adamson: Mr. Speaker, just before the dinner adjournment I had put on *Hansard* the figures of the bank for international settlements giving the disposal of newly mined gold since the year 1946. As will be seen from the figures which the house gave me permission to table, they differ slightly from those of the international monetary fund, but I am quoting both authorities to show that while there is a difference in some of the figures the difference is slight, and they are both in agreement as to the main point at issue, which is that gold is not being monetized and therefore is not fulfilling its basic function. It is particularly significant that these figures show that 85 per cent of the 1951 production was lost to the central banks whereas prior to the war 91 per cent of gold production went into monetary reserves.

Mr. Cote (Matapedia-Matane): I should like to ask a question. I know that the minimum number necessary for a quorum are present, but I should like to know if it is according to the rules to have only two members of the opposition sitting in the house.

Mr. Speaker: If there are twenty members in the house there is a quorum.

Mr. Adamson: I think the opposition is much larger than two.

Mr. Knowles: The hon. member must be referring only to the official opposition—

Mr. Cote (Matapedia-Matane): I thought you were with us.

Mr. Speaker: Order. It makes no difference which side of the house members are on. If there are twenty members in the house there is a quorum.

Mr. Cote (Matapedia-Matane): Thank you, sir.

Mr. Adamson: The answer to the question of the disposal of monetary gold is obviously that the controls on gold envisaged by the international monetary fund, which developed out of the Bretton Woods agreement, simply broke down. The demand for gold in the face of the world-wide planned or unplanned inflation was so great as to push aside the barriers. Virtually the sole remaining impact of the action of the international monetary fund in holding the price of gold at $35 U.S. per ounce is on the gold producers and the gold producing countries, by which Canada as the second greatest suffered. We are subsidizing the middleman and the brokers, and a great deal of our production does not go to our friends.

I come now to the question of price. Here I wish to take most violent disagreement with those people who say that a government, generally referring to the United States

government, should raise the price of gold. In my opinion the United States government should do nothing of the sort and in fact cannot do anything more calculated to continue the present difficulties than to unilaterally raise the price of gold. The price of gold can only be determined by the action of the open market. What this will be, no man can say. The important thing, however, is not the price. The important thing is the stability of the price, and that can only be found by the free market. Unless gold can be bought, sold, exported or imported freely and without government restrictions of any kind whatever, it will not fulfil its function as a lubricant of trade or as a standard of value.

To say gold is worth so many dollars or so many pounds an ounce, without allowing the free play of the world market, is being dishonest unless at the same time the country which says that removes all restrictions from gold and allows anyone to obtain gold anywhere at any time and do anything he likes with it. That is a complete restoration of the full fixed gold standard. This, in my opinion, is an impossibility for a considerable period. There is some belief that the United States dollar is a gold currency. This is not so. The United States dollar, because the United States government prohibits its own nationals from owning gold, is not a gold currency and should not be so considered.

Coming now to the question of the United Kingdom, I fully realize that the United Kingdom and all the sterling area are extremely anxious for the United States to raise the price of gold, and it has been suggested that $52.50 an ounce should be the price. If, at the same time, the United States would return to the full true gold standard at this price the move might be logical. I believe that possibly it might be sound. Certainly it would be honest. However, it would be a very brave man or administration who would stake the future stability of the United States dollar on this price for gold. My own view is that it would be foolhardy to do so with a past record of many years of deficit financing on a national basis and a fantastically expanded national debt. This move may be made and I can only say that if it is I hope, although I doubt very much, that it will succeed.

There is a school of thought headed by a group of economists in New York advocating that the United States return to the gold standard at the present price of $35 an ounce. I have only one thing to say with regard to this, and that is that for the past five or six years the United States has been having an annual deficit of many billions of dollars and it is estimated that the legacy of the Truman administration will mean a deficit of no less than $10 billion this year in United States federal accounts. Unless the Eisenhower administration makes drastic cuts in expenditure, with a deficit of $10 billion, or a sum equal to nearly half the total gold hoard in the United States in one year, and with a series of deficits of very considerable size in the last ten years, how long does anyone think the hoard at Fort Knox would last if it were available at the $35 price? To talk about raising gold to $50 or $52 alone will not assist in the convertibility of currency. It may bring about a temporary stimulus, but we have been too prone to look for temporary stimulants in international trade and to believe that favourable figures for a month or so mean a reversal of the imbalance of world trade or an end to world inflation.

The price at which gold should be sold is the price men will pay for it in the truly free market. Prior to the war gold and platinum had approximately equal values. Platinum, which has remained free, is selling at about $100 an ounce. Platinum of course is a war metal with strategic value, and is therefore in demand not only as a precious metal but as a war metal, and possibly is an unreliable index with regard to gold. The purchasing power of the dollar, however, is considerably less than 50 per cent of the 1935-39 value. The price at which gold will be stabilized will probably have some bearing on this, and it may be that something in the nature of $70 to $100 an ounce will be the price at which it will finally be stabilized.

As I have said, the price is actually unimportant except to our Canadian gold mines. The important thing is that gold's usefulness as a trading medium shall be restored. Any attempt to peg it at any price without a full restoration of the gold standard at the same time is useless. Much as I believe that the return to the gold standard is necessary and desirable, it cannot take place unless it is brought about by the play of the free market.

While I have dealt in some detail with the use of gold—and let me say that if gold has no use we certainly should not be considering this measure—I have consequently discussed the international aspect of the subject. There are now two specific recommendations I would like to make to the government. They are: (1) The government should permit the sale of fine gold in bar or other form under these provisions. Without any other change this would automatically mean an increase in the price to the gold producers on the sale of this gold of from 30 to 50 cents per ounce, an important addition under present circumstances. (2) The government should announce its willingness to permit foreign purchasers

of gold to store their gold for safekeeping in our banks, and should give assurance that if, as and when export of such gold is desired by the purchasers, exports permits will not be withheld. This would have the effect of opening up a restricted gold market in Canada immediately and would, I feel sure, have the effect of increasing the price at once to our struggling gold industry.

Mr. Deputy Speaker: Order. I am sorry to interrupt the hon. member, but the time allotted to him expired at ten minutes past eight.

Mr. Knowles: Speaking in reply to a government measure he has unlimited time.

Mr. Adamson: Am I not speaking in reply to a government measure, and do I not have unlimited time?

Mr. Fleming: He is the first opposition speaker.

Mr. Adamson: I am the first opposition speaker.

Mr. Deputy Speaker: I did not hear the remarks of the hon. member for Winnipeg North Centre but in any event, as the hon. member knows, normally a member is entitled to a forty-minute speech. It had not occurred to me that the hon. member was the first member to speak in reply.

Mr. Adamson: Thank you, Mr. Speaker.

Mr. Abbott: Is he enunciating official opposition policy or is he giving his own private view?

Mr. Adamson: I am enunciating policy. I wish to bring certain evidence to support my plea for a free gold market and its usefulness with regard to solving the problem of currency convertibility. My first witness is the monthly letter of the National City Bank of New York for January this year. I quote:

> On the continent, there is a growing feeling that the ultimate objective of convertibility must be achieved in terms of gold. To restore faith in paper money a number of governments on the continent have tightened up their spendings and money markets, raising interest rates and also the respect for money. Free gold markets have been permitted to develop in Paris and other centres. Government participation to stabilize free market prices of gold could be one path toward a *de facto* gold standard.
>
> In the past people have enjoyed the fullest degree of freedom and convenience in international intercourse when principal nations were on a full-fledged gold standard. Often when people talk about reintroducing gold into circulation they think of hoarding by individuals. Actually, in a nation that follows sound financial policies, hoarding is practised only by the most cautious individuals, willing to forsake interest rate return for an absolute degree of security. In such a nation the availability of gold for circulation is primarily of importance to foreign trade, travel and investment.
>
> This traditional use of gold was presumably in mind when the Republican party platform set out the aim of "a dollar on a fully convertible gold basis."

My second witness in favour of a free gold market is Professor Willard L. Thorpe, assistant secretary of state for economic affairs in the Eisenhower administration. In his article in *Foreign Affairs* of April, 1953, at page 414, he said:

> At least in theory the gold provided an automatic mechanism to correct disequilibrium through movement of gold from one country to another and consequent changes in relative price levels. Today price levels are the result of national fiscal policies rather than automatic adjustments. Somehow a force must be put to work which will bring about the results achieved by the gold standard. In other words convertibility in today's world will require international monetary management of some sort or other with national co-operation. It is a goal well worth striving for.

Later in discussing the international monetary fund, he said:

> Primary responsibility for matters in the monetary field lies in the international monetary fund, which is seriously handicapped by charter provisions limiting its operations. Since the international trade organization was stillborn, responsibility in the trade field has fallen to GATT. The United States membership rests on GATT's activity in the field of trade agreements and it has never received congressional approval.

I think the strange attitude of the United States with regard to the dairy industry, under the general agreement on tariffs and trade, is an indication of what we may expect on this matter. In 1950 the United States had a favourable trade balance of $5·2 billion and in 1951 a favourable trade balance of $5 billion. In the same years they gave away $4·7 billion and $5 billion respectively. Apparently it is the policy of the United States to have an enormous surplus of trade and to act as a creditor nation by giving away money, goods and material to balance it. That, apparently, is their policy; and what the American taxpayer may think of it, I do not know.

In conclusion I would like to quote as my third witness the report of the Bank of Canada concerning currency controls, and may I say in this regard that I commend this report to hon. members for its clarity and its forthright statements, two of which I shall give. The first is:

> More than seven years have now passed since the end of the war and it must be acknowledged that the world is still far from the goals of currency convertibility and non-discrimination; indeed, restrictions on trade and payments are in many cases more rather than less severe than they were some years ago.

The second quotation is:

> Major reliance in dealing with these difficulties has been placed on trade and currency controls

which have, however, merely been able to suppress for a period the symptoms without eliminating the underlying causes of the exchange difficulties. Indeed, there seems little doubt that over a period of time the effect of these restrictions is to aggravate the exchange problem, since they encourage the uneconomic use of resources by providing shelter for inefficient production in protected markets and by rendering production for "hard currency" markets less profitable.

Nothing I have said in condemnation of currency controls goes farther than this. The question of gold is not an academic one. Its solution is fundamental to international trade, particularly trade between Canada and the sterling countries. It should be emphasized constantly that over half the trade of the world is still being done in sterling. The sterling markets are most important to us for agricultural produce because the sterling area is largely complementary to our agricultural economy, whereas the United States is competitive. Practically nothing is grown in Canada that is not grown in the United States. Depressed Canadian prices generally coincide with depressed United States prices.

If our agricultural produce is to find steady, continuous and adequate markets, a large part of them must be sold outside the North American continent. To do this we must find some way to enable non-North American countries to provide the machinery whereby convertibility of all currencies is free and open and not at the behest of any government. The solution, therefore, of this problem of gold and convertibility is more important than any other to the Canadian farmer. If our economy is going to be truly balanced, then we must strive for convertibility so we can sell freely in the sterling area and throughout the world.

My plea is that gold, because of its universal acceptance, has an essential part to play in making currencies convertible. My plea for a free market is because it would start setting up the machinery—I do not say that it is the whole answer—whereby we in Canada could provide the necessary means for true convertibility of currencies, and upon that depends our whole intercontinental trade.

Mr. Armand Dumas (Villeneuve): Mr. Speaker, those who are interested in gold mining, and more particularly those who are dependent upon the industry for their livelihood, welcome the amendment outlined in this bill. Since its promulgation in 1948 the Emergency Gold Mining Assistance Act has been amended from time to time, and it has proven to be of great help not only to the industry but also to the miners, the farmers and all those who have invested their savings in the gold mining communities and surrounding districts.

[Mr. Adamson.]

At no session of this parliament have I missed an opportunity of telling the house of the difficulties the gold mines have encountered. I have done everything I could to co-operate with the government and other members who have the betterment of the industry and the welfare of the gold mining communities and their inhabitants at heart. Every time I rose to say something on this subject, I did so for the sake of an industry which has played a great part in the opening up of northern Canada and the building of our national economy. I did it for the sake of those who have taken the risk of investing the necessary capital, whether in large or small amounts, for the development and bringing into production of new gold mines. I did my share of pleading for higher prices for gold, more particularly for the sake of the 22,000 Canadian miners, the breadwinners of 130,000 people living in some 30 mining communities across Canada.

I worked hard in this respect for the sake also of the small property owners who have invested more than $125 million in these communities. In my constituency of Villeneuve more than 50,000 people are directly dependent upon the mining industry, and another 25,000 are living on farms which would not be worth cultivating if it were not for the ready market which is being provided by this same industry. I am satisfied that in pleading the case of the gold mines I am working in the best interests of each and every person in the constituency of Villeneuve, whether he is a miner, a farmer, a storekeeper or a small property owner. In doing so, Mr. Speaker, I am satisfied that I am doing my duty, and you can rest assured that I intend to continue to do it.

While there have been many cross currents in the mining business lately, such as lower prices for gold, sharply lower prices for base metals, and so on, Canadian mining is already a great industry and its future is even more impressive. The progress realized in Canada during the past 10 years was dependent upon the development of the natural resources of the country, and mining has been spearheading much of the expansion that took place during that period. The discovery in Canada in recent years of some of the richest and largest mineral deposits so far found on this continent has given rise to a marked realignment of ideas as to Canada's mineral future. The present pace of mining operations throughout the country strongly supports the new conceptions that have been gained.

During the past six years, however, to our great disappointment, we have had to face the fact that the swing of the pendulum has been away from gold mining. The industry, though still the chief single contributor to

Canada's mineral output, has been adversely affected since the war by rising costs and the fixed price for gold. In recognition of this, and in order to help the gold mining communities, in 1948 the government introduced the Emergency Gold Mining Assistance Act. Before the expiration of its original three-year term, the act was extended to 1951, and at the end of that year the present government announced its further extension for the years 1952 and 1953.

Without going into an elaborate analysis of the effects of the Emergency Gold Mining Assistance Act, there can be no question but that it has enabled the majority of the gold operations to continue in production. This act really rescued the declining gold mining industry, and many producers owe their continued operation to this assistance. The Canadian mining communities have greatly benefited also from this measure.

However, a new development in the Canadian economy has impaired the usefulness of this measure. The appreciation of our dollar caused a sharp decline in the mint price for gold, so much so that during 1952 the gold mining industry has been reduced to a condition of acute crisis.

If any proof is needed of the current precarious position of the industry, the reading of last year's annual reports of the Canadian gold mining companies provides it. These reports reflect the seriousness of the situation: difficulties of meeting wage demands, higher prices for almost everything the individual gold mine has to buy, and the discouragingly low price for the final product. This last item is the direct result of the appreciation of the Canadian dollar in terms of United States funds.

In order to realize the damaging effect of this on the gold mines, one has only to compare the mint price of $38.05 in 1950 and $36.86 in 1951 to the very low price of $34.28 in 1952. At the last annual meeting of Hollinger Consolidated the president of the company had this to say:

> The serious drop in the face of rising costs of labour and supplies, will inevitably result in forcing closure of many of the gold mines, curtailment of development in others, as well as lessening of ore reserves. Another effect—and probably of equal consequence—will be the end of prospecting for the yellow metal.

The content of other reports discloses the same situation and gives the same warning. The year 1952 was definitely a rugged year for gold mining. Some mines have been forced to close down and others were being placed in a position where they might have to take the same step were it not for the amendments contained in this bill, and which were outlined in a statement made in the house last November by the Minister of Finance.

The government's interest in gold mining is evidenced by the assistance it provides, and the facts show that it has done and is doing a real job in keeping alive a considerable number of mines which otherwise would have had to close their doors. The sympathetic consideration received from this government is gratefully acknowledged by the producers, by the miners, by the mining communities and by all those who have some kind of interest in gold mining.

I wish to say again that the producers have always been aware of the willingness of the government to co-operate, and to this end they themselves have done everything possible to increase the efficiency of their operations in order to keep down costs. Extraordinary efforts have been made to stem the rising tide. Expansion of mill capacity, aggressive exploration programs and a high degree of mechanization have only partly offset the tightening squeeze. Every practicable method has been adopted to improve efficiency.

The miners are also doing their share in trying to help the situation. They understand that the gold mines are not in a position to increase wages and they are willing to co-operate by being patient and hoping that better days are not too far ahead. A large number of them remember the time of the depression in 1931 when the gold mines did not take advantage of the situation, but instead kept on paying the highest wage rates in the country. Our miners are working hard in order to produce more. In co-operation with management they are doing everything they can in order to keep costs down as much as possible.

Our gold miners do their jobs with care and ability, they are safety conscious; and on this subject I wish to mention that only two weeks ago the personnel of Canadian Malartic Gold Mines Limited won the John T. Ryan national awards for safety for the second year in succession. Last year's presentation of the trophies to the employees of Canadian Malartic was made by the Minister of Mines and Technical Surveys (Mr. Prudham) on the occasion of his visit to the district. In 1950 the trophies were won by Sigma Mines of Val d'Or and in 1948 and 1949 they were awarded to two gold mines in Ontario. Everyone interested in the industry feels a glow of satisfaction that a gold mine has again won nation-wide recognition as the safest metalliferous mine in Canada. This is an outstanding record, and without the co-operation, interest and ability of the miners and surface employees of Canadian Malartic such a record could never have been won.

Obviously there is a limit to such process of increasing efficiency and improving methods of working. The time will come when there will have to be another readjustment of wage rates, and in view of this I want to point out again the urgent need to stabilize and if at all possible improve the prospects of the gold mining industry.

It is recognized that it is impossible for Canada, as a producer and seller of gold, to dictate a price to the buyers. It is also recognized that an increase in the official price of gold cannot be accomplished without the co-operation of the United States and that may not be easily obtained. However, we feel that if Canada is not to lose its gold mining industry and the communities dependent on it, a revaluation of gold is a vital necessity.

As a result of the present unrealistic price of gold the total world production is not very much more than 60 per cent of what it was before the war; and, moreover, a large percentage of the newly mined gold is passing into the hands of hoarders. Very few people realize that the total production of gold amounts to about only fifty cents per head per year in the west, and it takes very little public buying to eat that up. In a sense, the western people are being returned slowly but surely to the early days when gold was practically unknown, and when the monetary system was primitive.

We are not the only ones concerned with this problem. A rise in the price of gold would be beneficial not only to a few but to all the western world. The world productive invested capital has more than doubled during the past two decades. The economic production in many war-torn nations has, in monetary volume, increased as much as 40 per cent over pre-war. The costs of goods and services have also about doubled. In contrast, the dollar value of government gold has only increased a fraction as compared to the increase in dollar volume of international trade settlements.

With higher prices for commodities and an ever-growing volume in world trade, the balance of payments between countries has become an acute problem. As a consequence of this, trade has been restricted with some countries and unrealistic barter agreements have been made with others. Obviously an increase in the price of gold is the only solution to obtain proper balance of trade.

Increasingly lower production of the yellow metal and the loss of newly mined gold are serious matters, and they should be remedied. At this point I wish to quote from an article which appeared in the October 1952 issue of the *Pre-Cambrian*. It says:

> It is felt that the remarkable growth of populations, the tremendous increase of governmental financial responsibilities cannot be reconciled with the loss of new gold.
>
> Military defence of our way of life requires strong moneys, hence an ample supply of gold.
>
> There is little hope of bringing about a dishoarding of gold at the present price levels. The unproductive French attempt, by way of a gold-plated loan was dramatic evidence of this—it brought in one per cent of French private hoards.
>
> To activate gold production, to encourage dishoarding, to lessen private buying, and thus bring gold into the hands and uses of the governments there is one procedure open. It is the simple one of raising the official price, uniformly.
>
> Leading economists feel that a higher statutory price will not induce inflation. It will recognize the inflation which we already have. It will bring uniformity to the economies of the western world.

There is another school of thought concerning the revaluation of gold, and that is raising the price of only the newly mined gold. However impractical this may seem to be, I wish to quote from an article by Patrick Maitland writing from London in the Toronto *Telegram*. In part Mr. Maitland said this:

> One difficulty facing the British negotiators is the strongly deflationist attitude of Mr. Humphrey, the new secretary of the treasury. He is anxious not to be caught giving anything away, and his entire outlook is hostile to one particular remedy for the dollar crisis agreed upon at the commonwealth economic conference last November. The remedy is to raise the price of gold.
>
> A report published in New York last summer by a group of former Marshall aid officials in London insisted that the price of gold was a cardinal feature of the whole problem.
>
> They pointed out that before the war the sterling area only balanced its trade with the dollar area thanks to sales of newly mined gold at the rate of $500 million a year.
>
> These sales, concealing the true trading position, meant that even then there was a dollar problem. For newly mined gold apart, the sterling area would have been in deficit with the dollar area, despite the flow of income from foreign investments.
>
> However, it was a significant enough feature of the relations between the two areas to be singled out by the former Marshall aid mission in London.
>
> The implied conclusion was: Since the price of every other commodity on the world market had risen meantime, a comparable rise in the price of newly mined gold would go far to correcting the present state of unbalance.

It is fully appreciated that this question of raising the price of gold is a highly complex problem concerning which the Canadian government is not in a position to take entirely independent action. However, during the last five or six years, on different occasions, Canada has pressed upon the monetary fund the difficulties encountered by the Canadian gold mines. We are also aware that Canada supported a request for a higher

price for gold during the commonwealth conference of last fall. The government is to be congratulated.

Canada and other countries of the commonwealth are the principal gold producers of the world, and they would certainly derive advantages from an increase in the price of gold. For that reason it is to be hoped that this very important question was included in the recent talks in Washington. We are hopeful that an increased price will result from these negotiations. When interest in gold revives, as I am confident it will, Canada will have a much better chance of turning up new base metal mines as well as new gold mines. It was the search for gold that turned up 90 per cent of the base metal mines we now have. This is the kind of history that could repeat itself.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to say only a few words. I must say I listened with considerable interest to the remarks of the hon. member for York West (Mr. Adamson). I was particularly interested when he said that he was speaking for the Progressive Conservative party, because I have had a number of inquiries as to the program of that party concerning—

Mr. Adamson: I did not say that.

Mr. Fleming: No, he did not say that.

Mr. Herridge: Then if I am wrong I apologize. But I understood the hon. member to say that he was speaking for his party.

Mr. Fraser: No, he did not say that.

Mr. Adamson: Mr. Speaker, the rules of the house should be properly understood. An hon. member in the opposition speaking immediately after the introduction of a government measure is allowed unlimited time. That is the rule of the house I was invoking. I think you will realize, Mr. Speaker, that I was quite correct.

Mr. Deputy Speaker: Perhaps I could clarify the position by saying that it was by inadvertence I rose and indicated to the hon. member that his time had expired. It had not occurred to me that he was the first member speaking in reply to the motion sponsored by the minister.

While I would not wish to elaborate upon the matter at this time, perhaps in order to clarify what has been said about standing order 37 hon. members would refer to page 797 of Beauchesne's third edition, and the ruling of Mr. Speaker Lemieux, where he said that to speak in reply one is bound to argue against the measure.

Therefore the meaning of standing order 37 is not exactly what the hon. member for York West had just indicated. The Prime Minister and the Leader of the Opposition may always speak more than forty minutes. A minister moving a government order always has more than forty minutes. An hon. member moving a vote of want of confidence has more than forty minutes. An hon. member speaking in reply to a government order moved by a minister has more than forty minutes, if he does speak in reply; and if he is speaking in reply he must be arguing against the measure.

Hon. members will recall that I had to give a ruling along these lines when the hon. member for Temiscouata (Mr. Pouliot) spoke immediately after the Minister of Transport (Mr. Chevrier), on a motion having to do with the Canadian National Railways. As he was not arguing against the measure, and therefore was not speaking in reply, I denied him the right to speak for more than forty minutes.

The hon. member may continue.

Mr. Herridge: I apologize if I misunderstood the situation. I understand now that the hon. member was not speaking for the Progressive Conservative party.

Mr. Adamson: You can understand anything you like.

Mr. Herridge: This group supports this measure because it does seriously affect the lives of a large number of Canadians under present conditions and circumstances. As the hon. member who preceded me said, it affects the lives of, I believe, some 130,000, including miners and their dependents. It also affects those who service the various mining communities and those who make a living by supplying agricultural and other products to those communities. We support it because of the large investment in homes in the gold mining communities. We support it because of the large investment in business premises and service facilities. We support it because of the municipal, provincial and federal government expenditures that have been made. On those grounds, and as a temporary palliative to meet a peculiar present situation, this group supports this measure.

I understand that the amount of the subsidy paid out last year in the way of gold mining assistance was something in the neighbourhood of $10 million. On that basis the gold mining industry, in relation to the size of other industries, is the most highly subsidized industry in Canada. I think that is a correct statement.

Before concluding my remarks I should like to point out that here is a well-established

industry which finds it necessary to come to the government for assistance under these circumstances and conditions. We hear much about free enterprise from hon. members, but in reality it does not exist today when you have an industry like this which cannot survive unless the government provides some assistance. That is why we consider that this is simply another illustration of the fact that those who insist that we live in a free enterprise country are speaking in the terms of mid-Victorian days.

We of this group want to add briefly to what we have to say in support of this measure at this time that if the government would subsidize agricultural production to the same extent, to the same percentage and degree as it finds it necessary to subsidize the gold mining industry at this time, we would have stability in agriculture. We suggest that if it can be done for the gold mining industry, it can be done for the agricultural industry.

There is a great need for houses in Canada at this time. For years we in this group have urged the government to subsidize low rental housing. We say that if we can subsidize the gold mining industry—and we support the measure—we can subsidize low rental housing and do something about having the homes built that are necessary at this time.

With these brief remarks I once again emphasize the fact that as a particularly necessary palliative of capitalism under present circumstances we endorse and support this measure.

Mr. Victor Quelch (Acadia): There are just a few words I want to say on this measure. I notice in the report on the administration of the Emergency Gold Mining Assistance Act for March, 1952, that the purpose of the act is stated in these words:

> It was designed primarily to assist the high-cost or marginal mines to continue in operation over a difficult period and to maintain their dependent communities.

The question one is bound to ask is how many communities are we going to maintain in Canada and at how great a cost are we prepared to maintain them? For how many years are we going to continue to maintain them? I recall that last year when we were discussing the question of selling wheat in the domestic market in Canada at the world market price rather than the international wheat agreement price, the Minister of Trade and Commerce (Mr. Howe) stated that he was not prepared to tax the people of Canada for the purpose of subsidizing the wheat grower. Apparently we are quite prepared to subsidize the gold mining industry in order to make it possible for them to meet their costs of production. When it is suggested that we subsidize certain other industries it is said that we would not be justified in taxing the people of Canada in order to do it.

I was quite interested in an editorial which appeared in a good Conservative paper, the Calgary *Herald,* dealing with this question of gold. I draw it especially to the attention of the hon. member for York West (Mr. Adamson). This was published in the issue of November 8, 1952, and reads:

> How Much is Gold Really Worth?
>
> According to Mr. Drew, the Leader of the Opposition in Ottawa, it is an "extraordinary course" for Canadian gold to be sold to the United States at "less than the cost of production". Mr. Drew argues that this is, in effect, a subsidy paid by Canada to the United States government.
>
> It is natural, we suppose, for a politician with an Ontario background to be concerned over the price of gold. Gold mining and the Toronto financial market have always been closely interlinked. It is true, also, that the gold mining industry provides a considerable amount of employment in northern Ontario. But we have never really been able to see why the business of mining gold should get such special treatment from governments which do not seem to care particularly whether the Alberta coal mining industry, say, goes under from lack of markets.
>
> Except in the monetary sense, gold is not a particularly useful commodity. It makes pretty jewellery, tarnish-proof wedding rings (which do not, however, wear very well unless the gold is subjected to considerable adulteration), satisfactory fountain-pen nibs and gilt for the sign on lawyers' office doors. Beyond this, it is hard to think of any purely functional uses for gold. The world, in fact, could probably survive very nicely if all the gold in it disappeared tomorrow morning.
>
> The only factor which makes it worth while mining gold at all is the fact that governments are prepared to accept it as a medium of exchange. In the most literal sense it is true, today, to say that gold is as good as dollars—at any rate so long as the United States government, with its vaults at Fort Knox already bulging with the stuff, is prepared to go on importing it, in unlimited quantities, at 35 American dollars per fine ounce. But if both the U.S. and British governments announced tomorrow that they were no longer prepared to accept gold at any price, every gold mine in the world would shut down, since the supply of industrial gold is already fully assured for thousands of years.
>
> Gold, in fact, is a colossal (though quite useful) fiction. As a utilitarian metal, its values are restricted. The only reason it is worth even as much as $35 U.S. an ounce is that this is what the U.S. government is prepared to pay. We should probably be grateful to Uncle Sam for offering to pay as much as he does.

I agree wholeheartedly with that argument. That was a good Tory paper, the Calgary *Herald.*

Mr. Hees: That is not a Tory paper.

An hon. Member: Where do you come from?

Mr. Macdonnell (Greenwood): It is an independent.

Mr. Hees: Very independent.

Mr. Quelch: I would point out that gold mining is the most highly subsidized industry in Canada today. Last year the hon. member for Maple Creek (Mr. Studer) criticized a member of the C.C.F. for suggesting that the subsidy paid to gold mines was greater than that paid to the wheat growers. He referred to the fact that during the past ten years agriculture had received something in the neighbourhood of $900 million, taking into consideration all payments such as those for drought relief, freight assistance, P.F.R.A., foot-and-mouth disease and various consumer subsidies.

I would point out that the amount paid to the gold mining industry is very much greater than the amount paid to agriculture, because if the subsidies to agriculture were in proportion to those paid to the gold mining industry, on the basis of population, in those ten years agriculture would have received $4,000 million instead of $900 million. I say that because on April 6, 1951, the Minister of Mines and Technical Surveys (Mr. Prudham) is reported on page 1705 of *Hansard,* as having said:

> The gold mines now in operation give employment to about 23,000 people.

Mind you, only about 23,000 people. Farm workers, on the other hand, according to the statistical review for March, 1951, totalled around one million. In other words, gold mine workers are less than one-fortieth of the total number of workers in agriculture. Therefore on the basis of $40 million for an industry employing 23,000 workers over a period of four years, the farming industry with a million workers should have received over $4 billion over a period of ten years to be on a parity, instead of receiving just $900 million. Again I say, how many communities are you going to subsidize, how far are you prepared to subsidize them and for how long are you prepared to go on doing it?

When I recall the kind of discussions that took place in the house at the time the $65 million for the wheat growers was being voted, especially the comments of one or two of the Conservative members, I am surprised that they should be so enthusiastic about subsidizing the gold mines. On the other hand, we realize that apparently it is government policy to encourage the production of gold in this country. In view of the fact that it is government policy to encourage the production of gold, and at the same time the price of gold having been tied down as a result of the Bretton Woods agreement to which this government subscribed; and in view of the fact that the price of gold has been tied down to a level far below the present cost of production, then I say to that extent the gold miners of Canada are entitled to demand a subsidy.

If it is the wish of the government that gold be produced in Canada, and if at the same time the government will not allow the gold mine operators to get a fair price for their product, then I think they are justified in asking for a subsidy. But we suggest that a far better solution to the whole question would be to divorce gold entirely from our monetary system. I know that is the case internally, but it is not true so far as the Bretton Woods agreement is concerned. If you divorce gold entirely from your monetary system, both nationally and internationally, then you can establish a free market for gold and let it sell for whatever it is worth.

Of course if that were the case, if it was divorced entirely from national and international trade, in all probability the price of gold would fall to a very low level and no doubt many gold mines would very shortly close down. But on the other hand let us not forget that today there is a shortage of labour. There is a shortage of mining engineers and skilled workers, and if the gold mines had to close down there would be employment for these workers in other industries. After all, of what use is it to employ thousands of men throughout the world producing something that has little or no value, merely in order to maintain a myth? The idea of gold as a true monetary yardstick is just a myth, and even that Conservative paper, the Calgary *Herald,* realizes that the true worth of gold is pretty low.

However, in view of the fact that we have tied down the price of gold under the Bretton Woods agreement, and in view of the fact that the government is encouraging the mines to continue in operation, we feel that the gold mine workers are justified in asking for a price that will return the cost of production. Therefore on that basis we will support the measure.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, I have spoken on this measure annually in recent years when it has come up for consideration in the house. The views I expressed on those occasions are unchanged. I think whatever may have happened in the meantime has gone to vindicate the views I sought to express before. Accordingly, I shall be very brief tonight in what I have to say on this bill to extend the effect of the act and to modify the basis upon which aid is to be provided under its terms.

I wish to say first that the way in which the government has brought the bill to the house is very disappointing. We have been given no

essential information whatever with respect to the operation of the act since the last report on its operation was issued on March 31, 1952. It is noteworthy that when the resolution preceding the introduction of the bill came before the house on April 2 there was no discussion, of course, in the house, and there was virtually none in the committee. The reason there was no discussion in the committee and no questions were asked with a view to eliciting the information that ought to be before the house with respect to a measure of this kind is that certain members at any rate were given the assurance by the Minister of Mines and Technical Surveys (Mr. Prudham) that he would supply them with the information.

Mr. Abbott: That can be given as soon as we are in committee. I have it all here.

Mr. Fleming: I wish to comment upon that. The arrangement I referred to, which was designed to facilitate the business of the house, was entered into at that time and the promise then made was not fulfilled. That information should have been available to members before the bill was called for second reading. The Minister of Finance (Mr. Abbott) has said that the information will be available in committee.

Mr. Abbott: What is the purpose of committee?

Mr. Fleming: Very well, Mr. Speaker, but members ought to have that information before second reading.

Mr. Abbott: Why?

Mr. Fleming: That, as I understand it, is the purpose of having a resolution stage, with consideration of the resolution in committee, on any money bill before the bill is introduced and before second reading is moved.

Mr. Abbott: Wrong again.

Mr. Fleming: The Minister of Finance could have given that information to the house this afternoon, but he contented himself merely with practically reading the explanatory notes in the bill. Therefore we come to the second reading without any recent information with respect to the operation of the act.

The situation, Mr. Speaker, is simply that a grave crisis does exist in the gold mining industry. The statement made by the Minister of Finance on November 24, 1952, as found at page 16 of *Hansard,* recognized the critical condition that exists today because he felt it necessary at that time to announce government policy in advance of the year 1953, even though the measure of assistance to the industry was not to begin until the calendar year 1953.

As to the bill and the proposal to continue the Emergency Gold Mining Assistance Act, may I say that of course we in this part of the house accept the bill. It is better than nothing. It is absolutely necessary for even the minimum, bare survival of the gold mining industry; but having said that for the measure, that is virtually all that can be said for it. It is simply a survival measure in the light of a serious crisis. Having regard to what has just been said by members who have immediately preceded me, I can share with them the regret that the taxpayers should be called upon to provide a subsidy for this industry; but the fact of the matter is, Mr. Speaker, that unless this subsidy is provided the industry cannot survive. Its plight is just as serious as that today.

The subsidy was not asked for by the gold mining industry. They asked for a solution of their problem, a problem largely created by government action. That is a factor which I think the hon. member for Acadia (Mr. Quelch) failed to recognize in his statement tonight.

Mr. Quelch: But the Conservative party supported that action.

Mr. Fleming: It is a situation created by government action.

Mr. Quelch: And supported by the Conservative party.

Mr. Fleming: This crisis having been created by the government, it is necessary in the existing situation either to let the gold mining industry die or at least do this much for it.

Mr. Quelch: Do not forget that the Conservative party supported the Bretton Woods agreement which tied the price of gold.

Mr. Fleming: The hon. member can take what satisfaction he likes out of crowing now—

Mr. Quelch: It is a fact.

Mr. Fleming: —over the position he took on Bretton Woods in 1945. In recent years I think I have been as critical of the way the international monetary fund has worked out as any other member of the house, but I do not credit myself with the ability to have foreseen in 1945 all the trends that have occurred in the world since with respect to trade, with respect to monetary movements and also with respect to Russia's challenge to world peace. I do not think any of us foresaw in 1945 what we have seen in the unhappy years since.

Mr. Low: We saw that Russia would not join then.

Mr. Fleming: We did not see that at all at the time the measure was under discussion.

Mr. Low: We told you so.

Mr. Fleming: My hon. friend can take what comfort he likes out of saying he told us so. The fact of the matter is that I think the majority of the members of the house acted reasonably with respect to the measure in 1945. I am not prepared to go back now and be critical of the decision that was taken then.

Mr. Low: You don't have to be critical.

Mr. Fleming: I did not criticize the government over the decision any more than I criticized those in the house who have not supported the government in general but nevertheless supported its legislation on the Bretton Woods agreement and international monetary fund. One can say that and yet, at the same time, express regret that the international monetary fund has not been made effective to serve the purpose for which it was designed. It has come in these years increasingly under the domination of United States fiscal policy, and that seems to me the reason the international monetary fund has failed to live up to the legitimate hopes held for it in 1945.

Mr. Low: That was the reason we opposed it in the first place.

Mr. Fleming: Now, sir, I mentioned that the industry is languishing. Indeed, there are so many mines that are just being kept barely in production today that I am glad the minister has recognized the situation in the change he is proposing in the formula.

We hear members in this house talk so glibly about gold having no value and of the ability of the world to get on as well without gold as with it. I am afraid they have forgotten a lot of history. They have forgotten what gold has meant to this country as an important element in our international trade. They have forgotten what gold production in this country has meant in former years in meeting deficits that this country has had in its commodity trading account. They have forgotten what this gold mining industry has meant in the development of the great northern regions of this country, not only northern Ontario but northern Quebec, northern Manitoba, Yukon and the territories and other areas of the country as well. They have forgotten also what the prosperity of the gold mining industry in the days of the depression meant to the survival of the economy of this country, when days were very dark indeed. They have forgotten a good many other things which one could mention at a time like this.

The fact of the matter is that unless a measure of relief is brought to the gold mining industry right now those communities in the northern parts of several provinces in this country simply cannot survive. Those communities are dependent on the mines and cannot exist without them. Those communities have been experiencing great difficulties for some years past, as the gold mining industry has struggled with the problem of a price fixed by government action on the one hand and rising costs on the other. Yes, Mr. Speaker, it would be well to recall the debt that the economy of this country and its development owe to the gold mining industry. We have heard talk tonight about free enterprise. The reason free enterprise cannot operate freely today with respect to the gold mining industry, Mr. Speaker, is that government interference has prevented it. There is no play there for the force of free enterprise principally because it is an industry that is working under the ceiling of a price fixed for its product by government. It is not a freely negotiated price in the ordinary sense at all; it is a price fixed by the government.

Mr. Abbott: And always has been.

Mr. Fleming: Not in the same way as it is now; and the minister is not going to argue that point. What we are working under today with respect to newly mined monetary gold is, in fact, a price fixed by the United States government and concurred in, broadly speaking, by the international monetary fund. That is the situation, and it is the situation that has existed since the war.

Now, sir, we in this part of the house have criticized the Canadian government before for not taking more effective action to meet the essential, deep-seated problem of the gold mining industry. While I have said that this measure is necessary today for the survival of the industry, it cannot be regarded as anything more than an artificial, temporary, stopgap, hand-to-mouth palliative. It is certainly no solution and, as the hon. member for Villeneuve (Mr. Dumas) very properly said tonight—and he speaks with knowledge of the problem—there must be a substantial increase in the price of gold if we are going to deliver the gold mining industry of this country from the threat of extinction, and relieve the taxpayer from being called upon to provide aid in stopgap measures of this kind.

Now, Mr. Speaker, since this measure was last under debate in May 1952, three things have happened which have a bearing upon the problem of finding a proper solution for the plight of the gold mining industry. The

first was the prime ministers' conference which met in London last fall. There it became clearly recognized, if one may follow the press—although the statements which emanated from the conference were very meagre—that on balance the British commonwealth of nations has a very deep-seated interest in a higher price for gold. South Africa in relation to its total economy probably has the biggest interest, and Canada has a very great interest indeed. There became apparent a unity of interest among the nations of the commonwealth with respect to this question, a unity that had not been fully apparent or fully recognized previously.

The second factor, Mr. Speaker, was the change of administration in the United States. Now it is not, I am sure, for any one of us to offer criticism of the policy of the United States. That is a matter for the proper authorities of the United States; nevertheless we are concerned about the effect of that policy on Canadian interests. The Republican party in the election platform which it wrote in July, 1952, included this among its monetary policies:

> To restore a domestic economy, and to use our influence for a world economy, of such stability as will permit the realization of our aim of a dollar on a fully convertible gold basis.

Of course that did not say explicitly that the Republican party was committing itself to a higher price for gold.

Mr. Abbott: I'll say it doesn't.

Mr. Fleming: No, but at any rate it does recognize the importance of gold in establishing stable monetary policies in the world. There can be no answer, it seems to me, to that interpretation of these words:

> . . . and to use our influence for a world economy, of such stability as will permit the realization of our aim of a dollar on a fully convertible gold basis.

Whatever hopes may have been conjured up by the statement that the United States government would change the policy that had been previously in effect when Mr. Snyder was secretary of the treasury, certainly there has as yet been no indication that the United States government is prepared to enunciate any policy looking to an increase in the price of gold. But, Mr. Speaker, it is the duty of the Canadian government to put such representations as it can before the government of the United States, and before the international monetary fund, as will represent the total exertion of all the influence the government of Canada does command, with a view to bringing about an increase in the price of gold.

The United States government is holding something like $22 billion of gold of which, we are told, $16 billion are needed for currency backing. There have been rumours that even in the face of representations from the British government and from the governments of the commonwealth countries, the United States government hesitates to increase the price of gold because they have a haunting fear that such action might somehow help Russia. Well, Mr. Speaker, there is so little that has come on this subject from really authoritative sources that I do not intend to speculate on the subject. I do say that our interest as a country, as a leading gold producer, lies with or in the direction of an increase in the price of gold; and that is also where the interest of the British commonwealth lies.

The third factor of the three I mentioned as having occurred since May last is, of course, the conference Mr. Butler held recently in Washington with Mr. Humphrey, the United States secretary of the treasury. Again there has been little by way of announcement from that conference to indicate what action, if any, may be expected to emanate from Washington with respect to the price of gold as an aid to the furtherance of the "trade, not aid" policy. The Canadian government must have some knowledge of this subject, Mr. Speaker. I think they must have been in consultation in relation to these negotiations at Washington. They must have discussed this matter with Mr. Butler when he was recently in Ottawa. To the extent to which he is free to communicate the information to the house, may I say to the Minister of Finance (Mr. Abbott) that I hope he will make as much information as possible available to the house on this important subject.

On the subject of convertibility, Mr. Speaker, let us recognize that gold has an indispensable part to play in convertibility, and in shaping plans for restoring convertibility of currencies throughout the trading world. There is not very much to warrant our being satisfied or complacent until we shall have brought about at least a substantial measure of convertibility of currencies which does not exist today among the great trading nations of the world.

This is an urgent matter. On September 17, the association of Canadian provincial mines ministers asked the federal government to raise the price of gold. From a Canadian Press dispatch which was issued from their conference in Quebec, we read this:

> The association of Canadian provincial mines ministers decided today to ask the federal government to raise the price of gold. The step was in one of three resolutions adopted at closing sessions of the ninth annual convention of the association which asked aid from the federal government to the gold mining industry.
>
> The resolutions were: (1) that the government take every step possible to increase the official price

of gold; (2) fine gold be given freer circulation and wider ownership; (3) government assistance be more regulated than provided under the law of federal emergency assistance to gold mines.

Mr. Speaker, that resolution comes from the provincial ministers of mines. They are speaking from knowledge of the problem with which they have firsthand contact, not only the problem of keeping the gold mining industry alive but also the well-being of the communities that are directly dependent upon the gold mining industry for their survival. Gold has lost none of its importance as a medium of international exchange. If it had, as was suggested by one hon. member tonight, why is it that every country in the world, including Russia, is trying to obtain gold? If any country's internal policy might be thought to be designed to eliminate any necessity for gold as a medium of exchange, one would have thought surely it was Russia, and yet Russia is seeking gold. The fact of the matter is that gold is, as it has been for centuries, an indispensable element in international exchange.

This measure is necessary, but it is no solution. It is at best an artificial, temporary, stopgap, hand-to-mouth palliative. What is needed in the national interest is a solution.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Beaudoin in the chair.

On section 1—*Rate of assistance.*

Mr. Fleming: Is the minister going to make a statement?

Mr. Abbott: Is there any special information my hon. friend wants? The last report that has been tabled is the report for the fiscal year ended March 31, 1952. This gave the number of mines receiving assistance during that period and the preceding period, and pointed out that there were 74 auriferous gold mines and 22 placer mines receiving assistance. There were 13 on the free market in 1952. There are only 5 mines selling on the free market now, and 8 have gone back under the Emergency Gold Mining Assistance Act after selling on the free market.

The estimated cost of the Emergency Gold Mining Assistance Act in 1952—the accounts are not yet completed—is $10·8 million. For 1953 it is estimated that the new formula for mines which received aid in 1952 will involve an additional $3 million, and for the 8 mines returned to the Emergency Gold Mining Assistance Act after selling on the free market in 1952, an additional $2 million. This will mean a total of an additional $5 million, so my friend the hon. member for York West was about right when he suggested this new formula would cost about $14 or $15 million. These figures would indicate that it will be about $15·8 million, or somewhere between $15 and $16 million. The payments will not all be made in 1953 or perhaps even in the fiscal year 1953-54, because of the time lag in assessing claims.

I pointed out that the additional $5 million is not all due to the amendment which the house is now considering. Approximately $2 million is due to the fact that 8 mines have found the free market less profitable than assistance under the Emergency Gold Mining Assistance Act. Only 5 mines, as I say, are now selling on the free market compared with 13 in 1952. The total sales are estimated at 500,000 ounces in 1953, compared with 1 million ounces in 1952. The current free market price is $36.75 U.S., or about $36 Canadian, and that has remained substantially the same during the past year.

The following summary of production may be of interest. These are estimates, and they are in thousands of ounces. For 1952 mines under the Emergency Gold Mining Assistance Act, 2,970; mines opting for the free market, 1,000; base metal mines production of gold, which is all sold on the free market of course, 530. The estimated total production, 4,500 thousand ounces. We estimate the same production for 1953, but the distribution will be different. It is estimated that 3,470 will be eligible for emergency gold mining assistance; 500 only for mines opting for the free market, and the same 530 for the base metal mines.

Mr. Fleming: I thank the minister for the information he has given. Is it any part of the policy of the Canadian government to seek an increase in the price of gold?

Mr. Abbott: I have repeatedly stated in this house, Mr. Chairman, that the Canadian government, as the second largest gold producer in the world, would be delighted if the price of gold were increased. If my hon. friend is asking, as I think he is, that the United States increase the price of gold, in other words increase the gold content in the United States dollar, then of course what he and others are suggesting is really the devaluation of the United States dollar. The gold content of the United States dollar is established by an act of congress, just as the gold content of our dollar used to be established by act of parliament. What he is suggesting when he suggests that the price of gold be increased is that the United States congress should increase the gold content of the United States dollar; and that, in effect, is devaluation of the United States dollar.

Obviously, this would be advantageous to Canada, as a large gold producer, just as it

would be advantageous to South Africa and other gold producing countries. But that is essentially a matter of domestic policy in the United States.

Mr. Low: What would it do to your foreign exchange fund?

Mr. Abbott: I do not know. I suppose the book value of our holdings of gold would be increased, and so would the value of the gold reserves of the United Kingdom and of the other countries. The point I want to make is that of course Canada is in favour of an increased price for gold. Why should we not be? But when we are talking about it we are talking about an increase in the gold content of the United States dollar, and we are saying that it would be a good thing for us if the United States would devalue its dollar. That is all we are doing, and if anybody suggests that I should stand up in the house and advocate that I will tell them I am not going to do it.

Mr. Fleming: Will the minister then confine himself to what I think he acknowledged to be his proper function in relation to Canadian policy, and tell us what the Canadian representatives at the international monetary fund have been instructed to do or say on this subject within the last year or two at the meetings.

Mr. Abbott: My hon. friend I hope appreciates that the international monetary fund does not fix the price of gold. The international monetary fund agreement provides that the countries that are members should fix a parity for their currencies, and that it should be in terms either of gold or of the United States dollar. We did have a fixed parity for a time, and we fixed it in terms of the United States dollar, which in fact was fixing it in terms of gold, because the United States dollar is fixed in terms of gold. But for reasons which I explained to the house some time ago we found it necessary to withdraw from a fixed parity for our dollar, and at the present time there is no parity.

The international monetary fund, as I have explained, does not fix the price of gold. As I have said in this house time and time again, in fact the value of gold for monetary purposes is determined by the country which holds the largest quantity of monetary gold, and which fixes its currency in terms of gold. That country is willing to take unlimited quantities of gold at $35 an ounce in exchange for United States goods and services. That is what fixes the monetary price of gold; and this free market has developed just exactly as I expected it would, and just exactly as I have told the house it would. Any substantial quantity of gold which is thrown on this so-called free market simply has the effect of lowering the price. South Africa deliberately rations the amount of gold that it will sell on this free market at, I think, 40 per cent of its production; and even that quantity of gold being put on the market has had the effect of lowering the price.

Mr. Fleming: The minister is aware that South Africa rationed the sale of newly mined gold on the free market even before the action taken by the international monetary fund in September, 1951.

Mr. Abbott: The international monetary fund did not take any action at all. South Africa did it entirely independently of the international monetary fund. I think we should not confuse this question of the price of gold with the international monetary fund agreement, because they are not really related.

Mr. Fleming: Fortunately, it is not very often that the Minister of Finance undertakes to address the house in the tone of a schoolmaster.

Mr. Abbott: The hon. member has been lecturing, only he has been doing it on a false premise.

Mr. Fleming: No, I have not been lecturing the house, and not on a false premise. I wish to put the minister right on that, and I wish to put him right on something he has just said, namely that it was after the action taken in September, 1951, by the international monetary fund that the South African government for the first time proceeded to ration the sale of its gold on the free market. It was selling a rationed proportion of its gold on the free market long before that.

Mr. Abbott: The same proportion.

Mr. Fleming: Regardless of what the monetary fund—

Mr. Abbott: Exactly the same proportion; it is selling 40 per cent.

Mr. Fleming: Yes. Why does the minister say this as though it happened only since October, 1951?

Mr. Abbott: I did not mention October, 1951.

Mr. Fleming: Why does the minister mention that as the date on which the government of South Africa started rationing gold? They were rationing their sale of gold on the free market before that.

Mr. Abbott: If what I said misled my hon. friend, I had not the slightest intention to do that. South Africa's action had nothing to do with the international monetary fund, because

they started to sell on the so-called free market long before the question was discussed in the fund.

Mr. Fleming: Quite; and we were urging in the house that Canadian mines should be similarly free to sell their gold in the free market and obtain what they could for it. If they could do better that way than selling newly mined gold to the United States government, then they should have the privilege of doing so; and it was only after we lifted up our voices on that subject for a long time that this action was taken finally in October, 1951.

Mr. Abbott: Will my hon. friend permit me?

Mr. Fleming: What is it?

Mr. Abbott: I do not know exactly whether my hon. friend is aware of the chronological sequence there. May I explain?

Mr. Dickey: He is not aware of anything.

Mr. Fleming: Yes, without interruptions from the smart aleck member for Halifax.

Mr. Abbott: Well, prior to October, 1951 the international monetary fund issued a statement of policy in which it said it felt that it was in the interests of the members of the international monetary fund that gold should not be sold by members into these free markets which were essentially for hoarding purposes. That was not part of the fund agreement; it was a statement of policy issued by the fund, to which Canada subscribed because we believed and we still believe that the real future of gold is as a monetary metal, not as a commodity. We subscribed to that and we respected it.

South Africa, for reasons with which I do not quarrel, decided that it should not adhere to that statement of policy, and it proceeded to sell in the so-called free market, as my hon. friend and I both agree, a substantial portion of its production. Then at the meeting of the international monetary fund in September 1951, I think it was, the Canadian representatives and others pointed out to the fund that if one member of the fund was going to do this selling on the free market, then others should be free to do so, and we took that position quite firmly and clearly. I made it quite clear that we must be free to do the same thing, and we have. My recollection is that the fund issued a statement that this declaration of policy was no longer in effect. That is the history of that.

Mr. Fleming: There is nothing new in what the minister has just said.

Mr. Abbott: That has nothing to do with the price of gold as such.

Mr. Fleming: We fully approved what was done at that time, the decision that was taken at the international monetary fund on September 28, 1951. It was followed on October 7, 1951 and put into regulations issued by the Canadian government.

Mr. Abbott: That is right.

Mr. Fleming: With respect to the sale of gold; let us have this quite clear. There was a position taken by the Canadian representatives at the meeting of the international monetary fund in September, 1951.

Mr. Abbott: That they all must be treated alike.

Mr. Fleming: Quite right. That is what we had been asking for on this side of the house. We had been pointing out that notwithstanding the policy of the international monetary fund, here was the biggest gold producer selling a large proportion of its production in the free market. Canada, a large gold producer, should not have its hands tied in the way in which they were being tied at that time. We pressed for the kind of action that was taken by the international monetary fund, which the minister has just described, and taken I believe on the initiative of the Canadian representatives.

That was the kind of action we in the opposition had been asking for and pressing for, for a long time. We approved the consequent step taken by the Canadian government in issuing its order in council in October, 1951, although some of us had reason to criticize, as I said here in the house on May 14, 1952, some of the conditions attached to the permission given by the Canadian government at that time to Canadian gold producers to sell their gold in the free market. I said then that the terms were too rigid. I still think they are too rigid.

Let it not be said, therefore, Mr. Chairman, that what was done at the meeting of the international monetary fund has no bearing on this question. What happened on that occasion has had a very substantial bearing on this whole question, and I have no doubt that what happens at succeeding meetings of the international monetary fund, whether by way of decision or by way of discussion there and putting forward of points of view, will still exert an important influence on the whole course of events, on the position of gold as a means of furthering international exchange and as a backing for currency, and in relation to the vexed question of the price of gold.

I repeat what I said earlier, that I hope the Canadian government, with due regard for the public interest and with due regard for what the gold mining industry has meant to

this country, will lose no opportunity to do all it can to secure a better price for the gold produced by Canadian mines.

Mr. Knowles: I should like to ask the minister a question that, I think, relates to the clause—and that will be a change. I notice that the proposal is to increase the rate of assistance in two ways. At the moment I am not arguing the merits or demerits of the proposed change, but I would like to know why the minister decides to start the assistance at a lower figure in relation to the cost of production.

He has argued, and the explanatory note says, that the reason for this increased assistance is the increase in the cost of production. Formerly the arrangement was that assistance was given in relation to that portion of the cost of production which was in excess of $20 an ounce. I can understand the minister arguing that there should be further assistance for the upper brackets of increased production costs. But why does he lower the point, from $20 an ounce to $18 an ounce, where he begins to provide this assistance?

Mr. Abbott: My recollection is—and I am speaking from memory—that when the Emergency Gold Mining Assistance Act was originally introduced the low point was $18 and the high was the actual cost of production. Then when it was renewed for the first time, in the hope that we could taper it off we cut down the rate of assistance by raising the lower limit from $18 to $22.

It is a very complex formula, as my hon. friend appreciates. The rate of assistance is half the difference between $18 and the top production cost. If it costs $60 to produce an ounce of gold, the difference between $60 and $18 would be $42. Half of that would be $21, and it would apply to either half the production or the production in the base year, whichever is greater. Now, there are at least three variable elements in there. I have taken the extreme case.

It is clear that the $21 per ounce would only bring the cost down from $60 to $39, even if it applied to all the gold. But it applies to only part of it. So, as I said in my statement this afternoon, this in fact increases the potential rate of assistance by $2 an ounce. But it does of course benefit more the high-cost producers, because they are the ones at the very top who will get the full benefit. Then it tapers down. At a given point the low-cost producers, those still on the free market, would get no benefit at all from the formula. The maximum benefit is given to the high-cost producers at the very top of the range.

Mr. Fleming: I have one other question to ask on policy. It relates to the proportion of gold and U.S. dollars acquired for the exchange fund of this country. I notice on page 25 in the table the minister submitted to the house on February 19 that the proportion of United States dollars has been decreasing, while the proportion of gold holdings has been increased.

Mr. Abbott: That is right.

Mr. Fleming: At December 31, 1950 the amount of gold was $580 million and the amount of U.S. dollars $1,144 million. On December 31, 1951 the amount of gold was $841 million and of U.S. dollars $899 million. On December 31, 1952, the amount of gold was $885 million, and of U.S. dollars it was $961 million. May I ask the minister if this is the result of deliberate government policy to increase the proportion of holdings of gold vis-à-vis United States dollars, and if that policy will be continued.

Mr. Abbott: Oh, yes, I think it has been. It was felt it might be desirable to increase moderately the proportion of gold as compared with U.S. dollars. It is an exercise of judgment. On the U.S. dollar portion of the reserve we earn something, because those moneys can be lent. They are lent on a short-term basis on the New York market, and we receive interest on them. But on our gold holdings we earn nothing. So it is obviously desirable to have some earning assets in the fund, and it is a matter of judgment what the proportion should be as between gold and U.S. dollars.

Section agreed to.

Section 2 agreed to.

The Chairman: Shall the corresponding sections in part II be agreed to?

Sections 3 and 4 agreed to.

Bill reported.

Mr. Deputy Speaker: When shall the bill be read the third time?

Some hon. Members: Now.

Mr. Knowles: By leave.

Mr. Abbott moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

PRAIRIE FARM ASSISTANCE ACT

PROVISION MAKING ELIGIBLE CERTAIN CROWN LANDS IN MANITOBA AND SASKATCHEWAN

Right Hon. J. G. Gardiner (Minister of Agriculture) moved the second reading of Bill No. 333, to amend the Prairie Farm Assistance Act, 1939.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Beaudoin in the chair.

On section 1—*Lease option deemed agreement for sale.*

Mr. Fair: Mr. Chairman, in connection with this legislation, may I say we have no objection to it and will support it. Something similar was done for Alberta some months ago, and at that time we said that when the minister brought in legislation dealing with Saskatchewan and Manitoba he would have our support. We are now giving it.

Mr. Hansell: Is this the only amendment the minister expects to make in the act this year?

Mr. Gardiner: Yes, Mr. Chairman, this is the only amendment to the Prairie Farm Assistance Act we will bring in this year.

Mr. Hansell: I think there should be some other amendments. However, I might be out of order if I were to discuss them at this time. What I have to say can be said in the discussion of the estimates.

Section agreed to.

Sections 2 and 3 agreed to.

Bill reported.

Mr. Deputy Speaker: When shall the bill be read the third time?

Some hon. Members: Now.

Mr. Knowles: By leave.

Mr. Gardiner moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

INDIAN ACT

AMENDMENTS RESPECTING LOANS, SEIZURE OF GOODS, ETC.

Hon. W. E. Harris (Minister of Citizenship and Immigration) moved the second reading of Bill No. 37, to amend the Indian Act.

Prairie Farm Assistance Act

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Beaudoin in the chair.

On section 1—*Loans to Indians.*

Mr. Macdonnell (Greenwood): The leader of the house has got up such a head of steam that I think he is taking a good many people by surprise. I believe the hon. member for Calgary East (Mr. Harkness) would like to have something to say on this. Do we have to rush things through so much?

Mr. Fournier (Hull): I did mention to the hon. member for Calgary East that after we finished the Prairie Farm Assistance Act we would take up the Indian Act. I do not want to insist, but it is a short bill containing minor amendments to the act.

Mr. Macdonnell (Greenwood): I am not sure how much the hon. member has to say, but this lightning speed may have taken him by surprise. It is five minutes to ten, and perhaps the minister would call it ten o'clock and give him a chance.

Mr. Fournier (Hull): I will not insist.

Section stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull) moved the adjournment of the house. He said: Tomorrow we will move to go into supply and call three departments, the items to stand. We will then continue in committee of supply on national defence estimates.

Mr. Fleming: Which three departments?

Mr. Fournier (Hull): Post office, national revenue and veterans affairs.

Motion agreed to and the house adjourned at 9.55 p.m.

HOUSE OF COMMONS

Tuesday, April 14, 1953

The house met at eleven o'clock.

CANADA SHIPPING ACT

SHIPS RELIEVED FROM COMPLIANCE WITH CERTAIN PROVISIONS

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, in connection with reports tabled on February 4, 1953, indicating cases in which ships were exempted, under the provisions of section 133A of the Canada Shipping Act, 1934, from the obligation of carrying certificated masters, mates and engineers during the past year, I beg leave to table a supplementary report for the month of December, 1952. These exemptions were granted by the steamship inspector in Europe, and his report was not made until his recent return to Canada.

UNEMPLOYMENT INSURANCE

TABLING OF RETURN

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, I beg to table parliamentary return No. 178, mover Mr. Robichaud: How many persons received unemployment insurance cheques in each month and in each county of the province of New Brunswick during the years 1949, 1950, 1951 and 1952?

I might add a word of explanation by saying that we do not keep the record exactly for counties. This return gives the information as near to that as possible.

NATIONAL DEFENCE

HEADQUARTERS' SITE FOR GAGETOWN BRIGADE TRAINING AREA

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, in view of the interest that has been taken in the matter, I think the house might be interested in a brief statement on the selection of the townsite of Gagetown. This has reference to a question by the hon. member for Royal (Mr. Brooks) and is in consequence of other representations.

It was announced on November 15, 1952, that following a thorough investigation by a group of six independent engineers and architects, it had been decided to construct the permanent installations of the army divisional training camp at Gagetown, New Brunswick, in the vicinity of the town of Oromocto, this site being the most practical under the circumstances. A further announcement on December 3, 1952, gave the eleven conclusions reached by the six independent engineers and architects following their investigation, which formed the basis of their recommendation of the Oromocto site. Their decision was based on such factors as general topography and soil condition, capacity for expansion and development, water supply, supply of electric power, railway facilities, the proximity of airport facilities and the accessibility of both the main training area and local ranges. Following the announcement of that decision, a delegation of citizens from Saint John, New Brunswick, met with the Minister of National Defence and made representation that the matter should be reconsidered. As a consequence, representatives of the citizens of Saint John, the Department of National Defence and the consulting engineers, met last week at Saint John and visited the alternative Westfield site. When the detailed military requirements were related to the ground in the Westfield area it was decided that it would be more satisfactory and more economical to develop the Oromocto site and the decision announced on November 15, 1952, has consequently been affirmed.

Mr. Brooks: When does the minister expect this construction will be started?

Mr. Claxton: A considerable amount of preliminary engineering has been done already and will be pressed forward. Construction will be started just as soon as the plans can be related to the engineers' investigations. It will certainly be within a matter of weeks or months.

Mr. Brooks: I take it that the preliminary engineering work was done before it was decided where the site would be?

Mr. Claxton: It was begun and partly completed. It was stopped and now it will be pressed on.

Mr. Fleming: Will the minister make available to the house the reports of the engineers?

Mr. Claxton: It is not the kind of report which is usually made available because it is intended for the confidential information of the minister in order to arrive at a decision. In view of the fact that two reports have

been made I shall certainly give consideration to the hon. member's request.

WATER POWER

SAINT JOHN RIVER—REQUEST FOR REPORT OF INTERNATIONAL JOINT COMMISSION

On the orders of the day:

Mr. Jean François Pouliot (Temiscouata): May I ask the Minister of National Defence if he is the Acting Secretary of State for External Affairs in the absence of the minister?

Mr. Claxton: Yes.

Mr. Pouliot: Will he be kind enough to table this week a copy of the report made by the international joint commission at Washington with regard to the development of hydroelectric power on the Saint John river?

Hon. Brooke Claxton (Acting Secretary of State for External Affairs): I shall be very glad to look into that and if the report is available and should be tabled I will be glad to table it.

FERRY SERVICE

YARMOUTH-BAR HARBOR—REQUEST FOR TABLING OF REPORT

On the orders of the day:

Mr. T. A. M. Kirk (Digby-Yarmouth): May I ask the Minister of Transport if he is now in a position to give the house a copy of the report concerning the progress of the proposed Yarmouth-Bar Harbor ferry project.

Hon. Lionel Chevrier (Minister of Transport): I am sorry but I am not in a position to do that. If the hon. member will allow me to take his question as notice perhaps I can answer it tomorrow.

THE CORONATION

SUGGESTED ATTENDANCE OF REPRESENTATIVE OF CANADIAN INDIANS

On the orders of the day:

Mr. George H. Hees (Broadview): Is the Prime Minister aware that no member of the Canadian Indian race, the original inhabitants of this country, is to attend the coronation? Will the government give consideration to sending a suitable representative in full Indian regalia? I think this would be more interesting to those attending the coronation than any of our officials in their regalia.

Right Hon. L. S. St. Laurent (Prime Minister): In answer to the first part of the hon. member's question, may I say that I am not aware of all those who are to attend the coronation. In answer to his second question, may I say that as it has now been asked publicly, no doubt it will come to the notice of the coronation committee.

TRADE

REPORTED EMBARGO BY UNITED STATES AGAINST OATS AND FEEDS—DAIRY PRODUCTS

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): I should like to direct a question to the Prime Minister based on a report in today's press that the secretary of agriculture of the United States has announced that the administration is studying an embargo against Canadian oats and feeds. Can he state whether representations are being made to the United States protesting against such action? Also whether protests have been made regarding the embargo placed some time ago on certain Canadian dairy products, and whether a reply has been received officially from the United States government?

Right Hon. L. S. St. Laurent (Prime Minister): The hon. member did not consider it necessary to give me notice of this question. In fact I shall have to make inquiries before I can give him a proper answer.

FISHERIES

NEWFOUNDLAND—REQUEST FOR TABLING OF REPORT OF JOINT COMMITTEE

On the orders of the day:

Mr. W. J. Browne (St. John's West): Can the Minister of Fisheries state when the report of the joint committee on the fisheries of Newfoundland will be released? I understand it is at the printer's.

Hon. James Sinclair (Minister of Fisheries): The department received a wire this morning from Newfoundland saying that copies will be air-mailed to the government today.

EXTERNAL AFFAIRS

REQUEST FOR LOAN BY PAKISTAN TO FINANCE PURCHASE OF WHEAT—SHIPMENTS UNDER COLOMBO PLAN

On the orders of the day:

Mr. A. Earl Catherwood (Haldimand): I should like to direct two questions to the Acting Secretary of State for External Affairs. Has the government received any representations from the government of Pakistan asking for a loan to finance the purchase of wheat from Canada, and also would the minister state whether any immediate or recent shipments have been or are being made under the 1952-53 Colombo plan agreement with that country?

Hon. Brooke Claxton (Acting Secretary of State for External Affairs): The hon. member was good enough to give me notice of his questions and I can answer both of them now.

In autumn of last year there were some discussions concerning the possibility of credit arrangements to assist the Pakistan government in financing wheat purchases from Canada. At that time it was concluded that, within the limits of existing legislation, the only practicable form of assistance would be the use of some part of the funds made available by Canada under the Colombo plan on a grant or loan basis. In February of this year the Pakistan government requested that Canada's contribution to Pakistan under the Colombo plan for 1952-53 should take the form of wheat. As announced on February 24, the Canadian government agreed to the allocation of $5 million of Colombo plan funds for this purpose. Shipments of wheat financed from this grant are scheduled to take place between mid-April and mid-May. The first vessels are now loading.

SUPPLY

The house in committee of supply, Mr. Beaudoin in the chair.

DEPARTMENT OF NATIONAL REVENUE

Customs and excise divisions—

294. General administration, $2,177,924.

Item stands.

POST OFFICE DEPARTMENT

302. Departmental administration, $1,159,011.

Item stands.

DEPARTMENT OF VETERANS AFFAIRS

511. Departmental administration, $2,130,643.

Item stands.

DEPARTMENT OF NATIONAL DEFENCE

Defence services—

241. To provide for the Canadian forces, the defence research board and other expenditures relating to defence, including contributions toward the military costs of the North Atlantic Treaty Organization; to authorize expenditures in the current year out of the amount hereby provided, not exceeding $324,000,000, under the provisions of section 3 of the Defence Appropriation Act, 1950, and to provide that, notwithstanding subsection 3 of that section, where equipment or supplies acquired by the Canadian forces after March 31, 1950, are transferred, the estimated present value thereof shall, if the governor in council so directs, be credited to this vote instead of being paid into the special account mentioned in the said subsection 3, and when so credited may be expended for the purposes of the Canadian forces; and notwithstanding section 30 of the Financial Administration Act to authorize total commitments for the foregoing purposes of $3,994,895,578 regardless of the year in which such commitments will come in course of payment (of which it is estimated that $1,971,926,275 will come due for payment in future years), $1,960,159,633.

Hon. Brooke Claxton (Minister of National Defence): Mr. Chairman, as there has been distributed to hon. members a white paper on Canada's defence program for 1953-54 which gives very full information about the program for the current fiscal year, it is not my intention to go into the same facts and figures or to endeavour to cover the same ground.

When we consider the defence program of any country we must realize that its purpose is to produce armed forces. It will be judged by the quantity, quality, selection, training, equipment and leadership of the forces, whether they be in the navy, army or air force and whether they be active or reserve. In the last resort the quality of the forces of any country is tried and tested and proved in battle, and during peacetime in exercises and training operations. So that it seems to us that it is important to keep always in the forefront of our minds the fact that while here in parliament we are dealing with dollars and cents and in the department often we are dealing with plans and programs, contract demands and requisitions, orders and regulations; but the object of it all is the young man with a rifle and his ability to use it as part of a trained, equipped formation. We should, I submit, in appraising and appreciating what has been done in the way of defence, examine the results, and those results can be seen today in far-off Korea or in Germany or in the various training exercises that have taken place in Canada and elsewhere.

For the first time in peacetime our defence forces, navy, army and air force, have achieved a total of over 104,000, and of those there are officers and men of the Royal Canadian Navy in three destroyers constantly on duty, on patrol and in action in the Far East. That has been the case ever since July, 1950. In the course of their operations these ships have sailed a total of 720,000 miles. They have engaged in action and in activities on a scale far above anything experienced by similar vessels in the second world war, and they have shown that if you can judge the quality of the Royal Canadian Navy by their performance there is not much wrong with the Royal Canadian Navy.

At the same time officers and men of the 25th infantry brigade have been in action in Korea. While the strength of the brigade, as is well known, is about 6,000, altogether over 20,000 officers and men have fought with the brigade in Korea. We have followed the practice of rotating men who have been

in service there for a year and it has been possible to maintain the practice of rotation. In the course of it, and to replace those wounded now totalling some 1,300, or others who have had to leave the field of battle by reason of illness, it has taken a total of about 20,000 officers and men.

The third battalions of the Royal Canadian Regiment, the Princess Patricia's and the "Van Doos" have left for Korea to begin the third term of rotation. When the United Nations began this international police operation no one anticipated that it would go on for three years. As the Hon. Frank Pace, Jr., former United States secretary of the army, declared before a committee of congress just ten days ago, no one anticipated it; and yet day in and day out there have been Canadians on that front showing that they are as good as any force fighting there.

Simultaneously squadron No. 426 of the Royal Canadian Air Force has been carrying on an airlift to the Far East supplemented by Canadian Pacific Air Lines, both flying North Star aircraft produced by Canadair Limited, and the two services working in close harmony have produced a record of over 900 round trips for a total of close to 12 million miles of successful travel without loss or injury, a record unequalled.

At the same time at the other side of the world we have been building up our forces in Europe, and in the army have contributed the 27th Canadian infantry brigade to the forces under the command of the supreme allied commander in Europe. That completes our army commitment to the North Atlantic Treaty Organization. Our forces have been there since the target date of November, 1951. In accordance with the procedure decided upon, some 1,913 married men have returned on rotation at the end of a year's service. The force has been maintained and is among those forces on the western front trained and equipped so that it could enter battle at an hour's notice. It also has earned a good record for itself and for Canadian arms.

We have sent abroad a wing of three squadrons of Sabre fighters which are now stationed at North Luffenham, England, and form an important, yes, an important part of the defences of the north Atlantic area in England. They were followed by a second wing in a remarkable operation called "Operation Leapfrog" when all the aircraft of the second wing were flown across by their own pilots to take up their station at Grostenquin, France. A third wing is on the way over and is arriving at Zweibrucken in the French zone of Germany. When I visit it for the first time next week I expect to hand it over to the control of SHAPE and complete three-quarters of our air force commitment on the target date.

A fourth wing is now being formed in Canada with officers and men joining their squadrons and being equipped with Sabre fighters as they come off the lines and are tested. That wing will leave for overseas later this year to complete the formation of our air division of twelve squadrons of Sabre fighters plus a divisional headquarters, plus a repair depot and the other supporting units, which will complete our air commitment to NATO right on the target date.

Simultaneously our navy has been building up its strength and we have supplied to the forces under SACLANT, the supreme allied commander in the Atlantic, North Atlantic Treaty Organization, all the ships we have promised up to date. We expect to comply with our commitment for the current fiscal year of 1953-54; and, subject to a possible exception which I will mention later, we expect to complete our naval commitment to the North Atlantic treaty on the target date.

At one and the same time we have been discharging our obligations as one of the United Nations in an effort to stop aggression in Korea and, as one of the North Atlantic treaty nations, to build up our forces in Europe so that they, with those of our allies, may form a rampart of peace and preserve our security by being sufficiently strong to indicate to the only potential enemy that he cannot win.

That operation has gone on over a period of less than three years. It is important that hon. members should appreciate that fact. The act of aggression which changed the thinking of the western world took place on June 25, 1950, and the plan under which we began to build up our forces in the North Atlantic Treaty Organization was first approved at Washington in October, 1950. In other words, in less than three years Canada, like the other western nations, has built up its strength very substantially indeed.

Now, Mr. Chairman, the plan on which we have been proceeding was announced by me in the house on February 5, 1951. On that occasion I announced that we were embarking on a three-year plan which it was then estimated would cost $5 billion. It was a three-year plan because that was the period which had been agreed to by the North Atlantic treaty nations as being suitable for planning purposes; and the object at that time was to build up our forces collectively so that we would arrive at the strengths that were fixed from time to time by June 30, 1954. Since then, of course, there have been delays in all countries—

delays in construction and the production of equipment, delays sometimes due to financial or economic reasons, and delays contributed to considerably by the continuation of hostilities in Korea and in other parts of the world. The North Atlantic Treaty Organization recognizes this situation and uses a new word "slippage" to describe it.

There has been some slippage and, generally speaking, the date now fixed as the target for the achievement of the program as revised from time to time is June 30, 1955. As I say, having completed our army commitment already, having every expectation of completing our air force commitment this year, and having completed our navy commitment up to date and expecting to do so for the next year, we expect to complete our planned program, subject to one or two exceptions which I will mention later, by the date originally indicated—by June 30, 1954.

As we go on, some countries will give consideration to a deliberate stretch-out of their programs in order to keep production lines in operation. Rather than accumulate large stockpiles of equipment such as ships, aircraft, guns and ammunition over and above what appears to be immediately required, and over and above reasonable reserves, participating countries will wish to keep items of that kind in production to maintain production lines and keep up productive capacity, rather than to stockpile and close them down. However, in Canada we have not started to do that. The only deliberate stretch-out that we have had has been in connection with the production of the CF-100 and the F-86E aircraft, both of which we deliberately delayed in order to begin production of later types at the earliest possible dates. Neither of those stretch-outs will affect our ultimate position.

I think, Mr. Chairman, that it would be of some convenience to hon. members if we looked at this three-year program and saw how much of it had been achieved and how much it has cost. We can do that now because two of the three years have passed. We have the actual expenditures for the year 1951-52, we have an estimate of the expenditures for the year 1952-53 which has just been completed, but it is likely to be an accurate estimate as it is on the basis of eleven months' experience and a projection for the rest of the fiscal year. Also, we have before us the estimates which we are now discussing for the year 1953-54. The figures which I will give you are divided under the heads which are customary in NATO and which are used in the table appearing in the white paper at page 37. The heads are: Military personnel costs; procurement of equipment; construction; operations and maintenance.

We have expended or will expend during the period 1951-54 a total of $1,164 million on military personnel. That has been the cost of maintaining—paying, feeding and clothing our forces in the navy, army and air force during that period. The total strengths as at April 1, 1953, on the basis of the last figures available but which are subject to correction, are: 15,546 for the navy; 48,458 for the army; 40,482 for the air force; or a total of 104,486 in the active force, and 5,325 for the navy; 47,318 for the army; and 5,760 for the air force; or a total of 58,403 in the reserve force.

There has been some talk about the cost of a man in the armed forces for a year, so I will give the actual figure for the cost of another rank for his initial year on joining the armed forces. The cost is $2,251 per year based on figures most lately determined, without travel or transportation but covering items of pay and allowances, subsistence, clothing, medical and dental services, and pension. That figure is broken down as follows: Pay and allowances $1,135; subsistence, $732; maintenance of clothing and personal equipment, $136; medical and dental service, $43; government contribution to the pension fund, $205; for the total I mentioned of $2,251. Now, for all other ranks for the same period, giving proper weight to the number of men in each grade and pay group, the average cost is $3,023 per year. If we take the average for all three services, for all officers and men, again weighted so as to give the proper weight to the number of officers, their ranks and so on, with the N.C.O.'s and men, the figure is $3,411. The comparable figure for 1949 was $2,975. The comparable figure for all other ranks in 1949 was $2,573, whereas it is $3,023 today, the difference being largely represented by increases in pay and some increases in the cost of living reflected in the items I have mentioned. A comparable figure for all civil servants in the civil service is $2,526. If we take all the civil servants, exclusive of prevailing rate employees and casual labour, their average salary is $2,526, and that compares with the figure for the armed forces of $3,023. They are not very far apart, having regard to the different functions that they perform.

Now, of the members of the armed forces, 43 per cent are married today. This has led us, of course, to the necessity for establishing campsites with married quarters, chapels,

schools, stores and all the other amenities of the average civilian community. For example, today the Department of National Defence operates 40 schools for the children of serving personnel, and in those schools there are close to 10,000 children and about 400 teachers, all working in accordance with and under the provincial educational systems. In the armed forces today we have, largely in the R.C.A.F., 3,200 women who are included in the figures I mentioned above.

Turning to the category of officers, which is of great importance, we have in training today for the active and reserve forces a total of 7,957 men, of whom 4,612 are at the universities. During this last fiscal year we made two major changes in the provisions for the training of officers. The first was the establishment in September, 1952, of the College Militaire Royal de Saint-Jean, at Saint-Jean, Quebec. I should like to say a word about that institution, which was started in September, 1952, some three months after it had been decided to establish it there. The response, both from the French-speaking and from English-speaking candidates, was very good indeed. The number originally intended to be taken in in the first year of 100 had to be increased to the maximum capacity we could handle, 125. Of the 125, some 78 were of French-speaking origin and the balance were of English-speaking origin. In view of the experience of the last six months it can be said that this college, which was certainly new in military training arrangements in this country and in most others, has already proven itself to be a substantial success. The candidates of the two languages mix and work together, and virtually all of them now speak both languages. These men will constitute an important pool of officers of great value, particularly today when the nations of the world are intermingling more freely.

Another important thing is that of the 123 candidates now in attendance, all except 7, if my memory serves me correctly, have signed on with the regular forces and consequently after they graduate from Saint-Jean, and possibly R.M.C., will enter the regular forces, if they qualify, and serve for three years. More and more, we are looking to the graduates who enter the three services colleges of Saint-Jean, R.M.C. and Royal Roads, to be of a category who will sign on for a minimum of three years' service with the regular forces. The balance will serve with the reserve forces.

This brings me to an announcement I should like to make for the first time today. So great has been the success of Saint-Jean, and so desirable is it that this operation in military training as well as in national unity should be extended, we are going to make provision for a total strength of 400 cadets.

The second development of major proportions made during the year in the training of officers was the establishment of the regular officers training plan, under which cadets at R.M.C., Royal Roads, Saint-Jean or any one of the university plans, may sign on at any stage of his course and receive tuition, subsistence, clothing and so on, and serve as a subordinate officer taking the summer courses, conditional upon his agreement to serve with the regular forces for three years after graduation. It is too early to say what the results of these various devices will be, but our expectation is that, by one means or another, through the services colleges, through the universities or through direct entry on short-service commission basis, we will be able to meet all the requirements to replace the wastage of officers which it is estimated will be of the magnitude of 1,500 from 1954 on. This applies now for the first time, I am glad to say, to doctors and some other officers requiring professional qualifications. Hon. members may recall that I reported earlier that we were short, and we expected to remain short, of doctors. However, owing to improvements in the arrangements we have made, and also to our having recruited a certain number of doctors in the British Isles, the situation is such now that we believe we will have enough doctors, dentists and most other professional personnel to fill all requirements as they arise.

Turning from the question of personnel to that of equipment, I may say that in 1951-54 we have spent or will have spent a total of $2,102 million on equipment. Main items of equipment include ships, of which we now have some 52 on order, of types varying from the aircraft carrier H.M.C.S. *Bonaventure* which is being built for us on the other side to replace the *Magnificent*, or the arctic patrol vessel the *Labrador*, or the escort vessels and minesweepers down to gate vessels. We expect to be behind in the program with regard to the construction of anti-submarine escort vessels. This is accounted for partly by the fact that these are ships of an entirely new type never before built here or anywhere else. We had delays in procuring steel, component parts and machine tools from other countries. The ships are so complicated that the engineering—particularly the electrical engineering—took more time than we had engineers to do the work. I anticipate that there will be some delay with others of these ships as they come off. I also anticipate that they will still be well ahead of any corresponding vessels being made by any other country because we got started on this operation well in advance of the others.

Another major item of equipment is aircraft. It may be remembered that in 1951, in my statement then, I announced that we would require a total of over 3,000 new aircraft. We expect to have by the end of the current fiscal year over 2,000 of those; and we will complete the balance of the planned figure, which is considerably above 3,000 of new aircraft, early in 1955. We have deliberately postponed the equipping of our own forces with additional Sabre fighters in order to make Sabres available to the United States and to Britain. The delay in finishing our own aircraft program will not delay our fulfulling our commitments to NATO and will not delay beyond the target dates the build-up of our own air force for the defence of Canada, but it will delay the re-equipment of auxiliary squadrons with CF-100's and the provision of reserve aircraft.

With regard to weapons such as guns, we have had a large program under way; and here again we expect, for the reasons I have stated, that we shall not be able to complete the whole by March 31 or June 30, 1954, but we should be able to comply with our commitments. The same thing applies to ammunition. Apart from these items we expect that our production of equipment will meet all our requirements. The figures before hon. members already reflect some reduction, as we have completed the program for the stockpiling of a large part of what are called "soft goods" such as clothing and barrack stores.

The next major head of expenditure is construction. Between 1951 and 1954 we have spent or shall have spent a total of $665 million. Between April 1, 1952, and February 28, 1953—that is in the first eleven months of the fiscal year just completed—orders were placed bringing the total value of contracts under administration to $358,398,000, on 1,048 major construction projects plus a larger number of minor ones. Hon. members may appreciate how large an operation this has been when I tell them that during the year 1940-41 we spent on construction a total of $92 million and, during the wartime peak, a total of $152 million—that was in the year 1943-44—whereas at the present time we are administering contracts for a total of $358 million, more than twice the wartime peak. Included in the construction have been buildings for operations, research laboratories, barrack blocks, cookhouses and all the others but, in addition, some 16,550 permanent married quarters which, with the temporary married quarters that we have, make a total of about 20,000 married quarters. We shall still have to continue the married quarters program. The construction program has passed its peak, and this has resulted this year in a lower appropriation for construction, and we believe this figure will be still further reduced next year.

The fourth major head is operations and maintenance. That means the oil and fuel and the repair work necessary to maintain the forces and to enable them to carry on their operations. For the years 1951 to 1954 the total spent or expected to be spent under these heads is $1,301 million.

To summarize these items of cost for the years 1951-54 as actually spent or estimated: personnel, $1,164 million; equipment, $2,102 million; construction, $665 million; operation and maintenance, $1,302 million: or a total of $5,233 million. In addition the excess of credits to the replacement account over expenditures therefrom within this period of $35 million brings the total to $5,268 million. That is on account of the program, announced on February 5, 1951, of $5 billion. It represents an expenditure of 5 per cent over the estimate; but, as I have indicated, there will be some additional expenditures carried into 1954-55 owing to delays in production to which I have referred.

This total includes the amount of $680 million spent or expected to be spent during the period on mutual aid. In the white paper, at page 33, hon. members will see outlined all the expenditures made up to date on mutual aid. They run back to a year before the 1951 period to which I have just referred, and up to March 31, 1953, they total $551,800,000. In addition, in the estimates put before hon. members, there is provided a total of $324 million.

These figures represent, of course, large sums; and the magnitude of the operation that this has involved for the various government departments concerned can be appreciated by one or two comparisons. A large part of the moneys appropriated for national defence is not spent by the Department of National Defence itself. The spending is administered by the Department of Defence Production, in the procurement of equipment; by Central Mortgage and Housing Corporation, in the provision of married quarters; by Defence Construction Limited, in the provision of other buildings; by the Department of Transport in the acquisition of land and in the construction and lengthening of runways. Altogether, during the fiscal year 1952-53 this operation has involved the placing of a total of 151,000 contracts. We have spent on what might be called capital account—that is, for construction and equipment: $2,102 million on equipment and $665 million on construction—making a total of $2,767 million which we have spent or will have spent between 1951 and 1954.

And a great deal of the construction and equipment represented by that expenditure already exists. It is placed on the ground—equipment is on issue or in store, except for such portions as might have been used up either in action or in training.

This total of $2,767 million may be compared with expenditures on comparable account by the Canadian National Railways. The Canadian National Railways came into existence in 1923, and in those thirty years spent on corresponding accounts a total of $1,341 million. Or, in other words, the Department of National Defence, through the agencies I have mentioned, in the performance of its program will have spent twice as much in one-tenth of the time.

Then, if we take another great Canadian corporation well known to all hon. members, the Shawinigan Water and Power Company, which has built an industrial empire along the St. Maurice river, we find that in the fifty-five years of its existence it has spent on comparable accounts something under $300 million. I mention this only to indicate the scale and the magnitude of what has been involved in bringing our forces and their equipment up to their present state.

During that time the number of men has increased from 47,000 to 104,000, an increase of 120 per cent. But the increase in fighting capacity, in the elements of the three services that can properly be called operational, is far greater in proportion than the increase in the total strength of officers and men.

For example, in the navy during this period the number of ships in active operation has increased from 23 to 56, the present number. And we expect the target set in 1951, of 100 operational ships by 1954, will be met.

In the army, where we had six major operational units before Korea, including the Royal Canadian Regiment, the Princess Patricia's, the "Van Doos", the Lord Strathcona's, the Royal Canadian Dragoons and a regiment of artillery, today we have 26 major operational units, including those in Korea in the 25th brigade, and those in Germany in the 27th brigade. They constitute the major units for an equivalent of two divisions.

In the air force the increase has been even more substantial, because during this period we have added nine squadrons of Sabre fighters, and have begun the organization of the first squadron of CF-100's. Of the total objective of some 41 squadrons we have now achieved the formation of 31. The proportion of administrative and training troops to that of operational troops in organized formations of the R.C.A.F. will stand comparison, and I may say favourable comparison, with those of any other country.

[Mr. Claxton.]

At the end of the program announced in 1951 I outlined fifteen points as our target for 1954. In the course of my remarks I have tried in a general way to deal with what has been achieved under each of those fifteen points. I shall now set out those points, and indicate what has happened in respect of each of those goals:

In the navy—

1. Nearly 100 ships and many small craft, either new or refitted and newly armed.

Today we have 56, and we expect to achieve the target.

2. Permanent seaward defence of vital harbours.

These are under construction, and we expect they will be completed by the target date.

3. The shipbuilding industry geared to produce additional ships rapidly.

We have some 26 ships under construction, and 26 more are to be begun in 16 different yards.

4. Administrative and training staffs, depots and stores, for all-out mobilization.

That is largely completed.

In the army—

5. An airborne striking force, anti-aircraft artillery and other units for the defence of Canada against direct attack.

We have an airborne striking force which we have maintained at the planned strength. We have anti-aircraft artillery units, but they are becoming obsolescent and are being modified, in part, by the addition of new equipment now in the course of production. But for part we propose deliberately to postpone the construction or purchase of new anti-aircraft guns, because we believe that by the time we got them they would be obsolete, and would be under replacement by ground-to-air guided missiles, which are already in production in some countries.

6. Part of the active army with integrated force under General Eisenhower.

That has been dealt with. Our commitment is completed.

7. Part of the Canadian forces continuing in the Far East as long as that is necessary.

I am sure all hon. members share my regret that it has proved to be necessary to continue the strength it has. I shall have a word to say about that in conclusion.

8. Administrative staff, training establishments, depots, stores, clothing and equipment to provide for rapid mobilization in a total effort.

Generally that has been accomplished, particularly with regard to the provision of soft goods. We expect by the time set to have completed the operations for other types of equipment except in so far as we decide to

stretch out the program so as to maintain productive capacity. I believe that that may prove to be desirable in a number of cases.

In addition we have decided, since 1951, to acquire the large training area at Gagetown, which we believe will be in operation by 1954.

The philosophy of stockpiling has been dealt with in the house a good many times. It was announced in my statement of February 5, 1951, and nobody took any objection to it. It has been carried out in so far as we considered it desirable with regard to soft goods, as we call them. We have done the job there and we will proceed with the stockpiling of other types of goods and ammunition. But I have already said a word on what may affect the timing of that.

In so far as experience shows that we have more equipment of any type than we need for the reserves or for mobilization, we can take it into current issue. Before any order for new equipment is placed we look at both our stocks and our stockpiling for mobilization, and either place the order or not place the order accordingly.

9. Replacement of equipment on issue to the active or reserve forces, or in stores, by latest type United States equipment purchased from the United States or made in Canada and our industry in Canada tooled up to make a considerable part of this equipment.

That has been partly accomplished and the rest is under way.

10. In the air force—41 regular and reserve squadrons with more than 3,000 aircraft additional to those we now have of the types suitable for the purposes intended.

I have mentioned the figures in a general way and probably that is as far as I should go. We expect to complete the program on time in so far as it relates to our commitments to NATO and the equipping of our regular forces in Canada, but it may not be possible to convert all the reserve or auxiliary squadrons to new types of aircraft by the target dates.

I should add here that very considerable interest is being shown by other countries and by the North Atlantic Treaty Organization in the CF-100. There is no other all-weather fighter in quantity production anywhere. This aircraft is considered to have qualities and capacities which could make it desirable for use in Europe as it certainly is in Canada.

11. Radar equipment manned and located to provide radar defence integrated with a corresponding United States chain of stations, connected by the necessary communication system and backed by fighters.

This radar system will be largely completed in 1953.

12. In Europe an air division of eleven fighter squadrons.

This was subsequently increased to twelve. Nine of them are there and we expect the other three to be there this year.

13. Airfields, men and equipment to train large numbers of aircrew for ourselves and other countries.

During 1952-53 there were 19 regular units including airfields, stations and schools opened, bringing the total number used by the air force up to 108. Another 13 regular and 7 auxiliary schools and stations will be opened during 1953-54. To date for NATO we have trained 748 pilots and 947 navigators, and another 1,200 are in training.

Just on Sunday I visited the great station at Clinton, Ontario, for the training of radar and wireless operators. The strength there varies from 1,800 to 2,100, depending on the number of pupils. That station is now working on two shifts with something over 1,000 pupils. We could easily increase the number using that plant by more than 100 per cent, or probably 200 per cent in the event of emergency, by working three shifts and doubling up.

14. Industry in a position to produce large numbers of the latest type of aircraft needed by the forces of ourselves and others.

Hon. members are very familiar with that.

15. Production of quantities of equipment for NATO and training of large numbers of officers to strengthen our common defence by assisting our allies.

I have already referred to the program of equipment and air training for NATO and that is being carried on.

I have reviewed the three-year program in the light of our experience and given to the committee as effectively as I could in the time available information on the progress made. There are a number of things which I might mention if time permitted, such as standardization. We have made great progress in the standardization of procedure, communications, weather reporting and the like. The progress has been much slower in connection with equipment. The latest word on the all-important question of the rifles and ammunition is that quite considerable progress has been made in the last few weeks toward reaching agreement. I am beginning to be hopeful that that will be arrived at within the next month or two.

With regard to the reserves, I could give a number of facts and figures. We started this period with some 47,000 officers and men in the reserves and today there are 58,000 despite the fact that some 11,000 of the most active officers and men have joined the active forces from the reserve forces. The number undergoing summer training and taking courses has steadily increased. However, like other hon. members I feel that this very important part of our defence activities deserves every support we can give it. We are constantly discussing with representatives of the conference of reserve associations ways and means of making the work of the reserve more effective.

During recent weeks developments have occurred in the Far East and elsewhere which must have struck hon. members. The communists have shown a disposition to at least open discussions that may lead to a settlement of hostilities in Korea. We welcome that possibility. The peaceful objectives of the western nations have been shown both at the United Nations in New York and in the resumption of negotiations in Korea.

But we must remember that no change has occurred to alter the policy which the United Nations in Korea and the North Atlantic nations have agreed to, that is to build up sufficient strengths so that they can be secured. President Eisenhower and Mr. Churchill have made plain in their statements what I believe is the attitude of all the western nations on this subject. As the *Financial Post* said on April 4, 1953:

> If, today, all the guns on all the fronts where East is fighting West were to be silenced, our side would still be far from achieving the unity, the economic and armed strength essential to our safety.

The western nations have had as their objective the stopping of aggression in Korea and the preventing of aggression in Europe. They have worked together in both areas in a great demonstration of common purpose and common practice to bring about both objectives. This is the first time in the history of the world that nations have agreed on a plan, on an objective and on the ways to achieve it, and nothing has happened to change that objective or to change that plan. We have spent great sums on our defence in Canada, as have other western nations, sums expended as insurance of peace, and the prudent man does not stop paying the premium if the risk continues. While, therefore, everyone is hopeful that what is taking place in Korea may lead to a termination of hostilities there and may lead to a better atmosphere everywhere else, there is no reason yet for the North Atlantic treaty nations, or those of the United Nations who think with us, to change fundamentally the policy and the course to which they have agreed and to which they put their hands three years ago.

Our hope is that it may be possible to moderate what we are doing, but to change it fundamentally would be a serious indication of weakness. The fact is that the Russians have shown a change of attitude, and in our view, and I think in the views of those in the other western nations, something which has contributed to that change has been the attitude shown in Korea and the building up of our strength in Europe and at home. That has been our objective, and the fact that we have had three years without a major war has indicated that the policy has so far been right. That policy has, I believe, had the strong support of all sections of the Canadian people as it has had the strong support of members in every part of the house. It is because of that support, because of that great objective and the appeal of that objective to our own people, that the government has seen fit to ask parliament for the large sums of money which we consider necessary to maintain and build up our strength. It is in that spirit that I put before this committee these estimates.

Mr. Chairman, it has been the practice during the war and since to table, and to print as an appendix to *Hansard*, a list of the orders, decorations and medals awarded officers and men of the Canadian forces for gallantry. Such a list was last printed as an appendix to *Hansard* on June 25, 1952. I have here a list bringing that information up to date and, if I have the unanimous consent of hon. members, I should like to have it printed as an appendix to *Hansard*, following my remarks of this morning.

Some hon. Members: Agreed.

(For list of awards, see appendix, pages 3861-77.)

Mr. G. R. Pearkes (Nanaimo): Mr. Chairman, I should like to join with the minister in offering congratulations on behalf of this party to the men of the various services who are now taking part in the operations which are being conducted in Korea and in Europe. It was my great privilege to see the departure of the first three destroyers which left Esquimalt in the summer of 1951 in order to play their part as a first contribution from Canada in the operations to prevent aggression in Korea. It has been a source of pride to all of us that the Royal Canadian Navy has kept destroyers such as the *Athabaskan*, the *Haida*, the *Sault Ste. Marie*, the *Crusader*

and others in the dangerous waters surrounding Korea. The men on these vessels have had to experience the dangers and hardships of active operations. They have been exposed not only to shellfire from the land fortifications of the enemy but also to the great mining activity which the enemy utilizes.

We have also seen the activities of the 25th brigade. I saw the original units when they were in training in the state of Washington in the United States just before they left. I have followed their activities with interest, activities which simulate very closely the type of fighting of which I personally saw something during the first world war. They have all the discomforts of life in the trenches, having to take shelter in deep dugouts and to take part in constant patrolling of no man's land in order to be ever on the alert for enemy actions. They have also experienced very brisk and sharp encounters, and we regret the casualties, now amounting to over a thousand, which our units have suffered during these operations.

I also had the opportunity of seeing something of the 27th brigade when it landed in Europe. I have watched with interest their progress during the manoeuvres that have been held by the NATO command in Europe. The air force has been maintaining an airlift of thousands of tons of equipment and a great many personnel, both Canadian and American. No. 426 squadron has had a truly remarkable record, as the minister said, of flights across the Pacific following the dangerous northern route over the mist-shrouded islands of the Aleutian chain.

I should also like to call attention to the fact that civilian pilots and crews of Canadian Pacific Air Lines have been doing their share in maintaining operations in Korea. When the day comes I hope that full recognition will be given to the services of the civilian airmen who have shared the dangers of these long flights with our own R.C.A.F. personnel.

The minister made a reference to the developments that have taken place in Canada and emphasized the importance which he attached to the production of officer personnel. He called attention to the new college that has been established at Saint-Jean in the province of Quebec. We were naturally very pleased to hear about that because the hon. member for Three Rivers has been the protagonist for the establishment of such a college in the province of Quebec where young French-speaking Canadians would have equal opportunities of qualifying for commissions in the regular forces. I am also pleased to hear that there is to be still further development and increase in that direction, and I was delighted to hear of the progress which is being made both at Royal Military College at Kingston and at Royal Roads. I cannot help but recall that as far back as 1946 the then hon. member for Vancouver-Burrard, Colonel Cecil Merritt, advocated very strongly that the Royal Military College should be reopened so that the young men of this country should have an opportunity of preparing themselves for eventualities which, even in those days, seemed inevitable.

I think it was very largely the activities of Colonel Merritt and other members of the R.M.C. club of Canada which persuaded the government a few years later to reopen that college. I have been connected with the college myself and had the opportunity of visiting it only a few days ago.

Now, I will turn to the white paper which was issued to us yesterday and I will also refer to the white paper which initiated this program in February of 1951. In the original white paper, the program of 1951, the objectives of our national defence policy are laid down. The minister at that time referred to them as being clear and simple. They are repeated in the program issued yesterday and I will just take a moment to read them because I think they still remain, and I am certain they still remain, as the objectives for which we are working.

(1) The immediate defence of Canada and North America from direct attack;

(2) implementation of any undertakings made by Canada under the charter of the United Nations, or under the North Atlantic Treaty Organization, or other agreement for collective security;

(3) the organization to build up strength in a total war.

In other words, we are to make preparations against the risk of communist policy forcing us to defend ourselves against direct attack while, at the same time, meeting our overseas obligations. To a very considerable extent these objectives overlap, because by building up our forces both at home and abroad they will soon become in a position to be a powerful deterrent against aggression; and they will also be in a better position to fight wherever required should global war be forced upon us.

As I have said, these objectives have not been changed. They have been endorsed from the beginning by the members of this party. In fact, this party has repeatedly urged and encouraged the government to achieve these objectives. The means of achieving them and the rate of progress towards their achievement has given and still continues to give this party considerable concern. When the Korean war broke out, and when it became necessary for this country

to take action to check aggression there—and also to make our contribution to the deterring of aggression which was being organized to prevent that aggression in Europe—members of this party cast aside their natural misgivings as far as this government was concerned and formed common cause with the government in order to carry out those objectives.

The right course had to be found and, having been found, it had to be followed. It was not only a right course as far as Canada was concerned, but that right course had to be found which would be in the best interests of all people who took common cause with us and had that common cause at heart. However, I must say on this occasion that I find it much easier to support the government's objective than to admire the actual progress that the government has made toward those objectives with the large sums of money which have been made available for that purpose.

Huge sums of money reaching into astronomical figures have been made available year after year but the results in actual fighting men are extraordinarily meagre, and in no way proportionate to the millions of dollars which have been voted annually by parliament.

Some hon. Members: Hear, hear.

Mr. Pearkes: In times of high taxation it is especially important that the country get the fullest possible value for the taxpayers' money which is spent on defence—or on the activities of any other department. We feel that this has not been done; for, in too many instances, instead of well armed men supported by modern equipment, tanks and aircraft, we have been asked to accept spacious lawns, full-page advertisements and stocks of clothing.

Some hon. Members: Hear, hear.

Mr. Pearkes: Had less money been spent on some of the frills and fineries we could have expected more to have been provided for actual defence, thus giving the taxpayer the security that he has a right to expect.

Some hon. Members: Hear, hear.

Mr. Pearkes: Two billion dollars was supplied or voted last year and the same amount is included in this year's estimates to be voted for the services or defence—and for no other purpose. If we continue to squander the money as we have been doing to a certain extent during the past two years, we shall only play into the hands of the enemy either by gradually breaking down our own national economy or by our failure to bear the full share with our allies in the common battle for freedom.

[Mr. Pearkes.]

It is noteworthy that attention has already been called to the fact that the government has failed to spend all the money that parliament voted during the last two years for military aid to our NATO allies. Perhaps the minister will be able to tell this committee the extent to which we have fallen short in the mutual aid program during the last year, and the reasons why our mutual aid program has not been entirely lived up to. I ask this question particularly in view of the warnings which were issued by Lord Ismay when he was in Ottawa recently and the appeal that he made to all partners in the NATO organization to contribute to their utmost.

I notice that the same amount which was voted last year is included in this year's estimates, namely, some $324 million. According to the calculations I have made, I believe that in the last two years Canada has voted—it may be the last three years—some $685,383,108 for mutual aid, of which somewhere in the neighbourhood of $556,517,216 has been actually spent. This works out to somewhere around 19 per cent of the money voted for mutual aid which has not been spent. Last year, I believe, the sum voted was $322 million, of which only $235 million was spent. I doubt whether those figures tell the whole story, because operating expenses will have been deducted from those amounts so that those amounts do not represent the quantity of goods actually placed in the hands of our NATO allies.

According to the minister's white paper, until now the equipment transferred to NATO countries was mainly from existing stock. It would be very interesting to know what prices were placed on that old war material which we sent to our NATO allies. The plan laid down in February, 1951, is described as a three-year $5 billion defence program. It now appears to be turning out in the neighbourhood of $6 billion, and I am not certain that it is not more of a misfire than an actual program. The additional money is made up of $5,268 million from the Department of National Defence, $327,700,000 from the Department of Defence Production, and $121 million from NATO.

Now, up to the end of 1952, the Department of Defence Production had placed orders to the value of approximately $2,708,525,000 for the armed forces. I mention these figures because I referred to them as being astronomical. They are certainly very large figures indeed. In the report of the Department of Defence Production tabled on March 31 this year reference is made to expenditures by the department on national defence during the year January 1, 1952, to December 31, 1952. This figure gives some idea of the amount of

money which has already been spent, orders having been placed for these amounts. I shall only deal in millions because the thousands are only fractional points. Orders were placed for aircraft to the value of over $519 million last year; for ships, over $65 million, practically $66 million; tanks and automotive, $87 million; weapons and ammunition $143·5 million; electronics and communication equipment, $131 million; clothing, etc., $76 million; construction, $168 million; other expenses, $192 million. These items make a grand total of $1,385,204,000 for orders placed last year. The orders which were placed last year, added to the previous orders placed by this department, make a grand total of $2,708,525,000.

We have now to ask ourselves what we have got in return for these huge sums of money. Let us turn first of all to the Royal Canadian Navy. In so far as that service is concerned, we were told that there would be 100 ships, manned by some 21,000 personnel. What is the situation today? We are told that we have 56 ships in commission. Hon. members should recall that two-thirds of the time allotted to this program has already elapsed. During 1953-54 there will be in commission 56 ships. Our one and only aircraft carrier, H.M.C.S. *Magnificent,* is urgently in need of a major overhaul. In fact, she must be regarded as an obsolescent vessel. She is the only vessel of her class which, to date, has not been modernized. She has been on loan from the Royal Navy for a number of years. Today we were told that a new carrier, the *Bonaventure,* is to replace the *Magnificent.* She is now under construction in Belfast. I do not know whether or not the *Bonaventure* will be on loan from the Royal Navy in the same way as the *Magnificent* was or whether she will become the property of the Royal Canadian Navy. However, it will be many months yet before she can be commissioned.

Our two cruisers, the *Quebec* and the *Ontario,* are old but still serviceable. When we come to the modern vessels, only the prototype of the new anti-submarine escort ship has so far been commissioned. She is the former destroyer H.M.C.S. *Algonquin,* which was converted at Yarrows yard in Esquimalt. She underwent her acceptance trials just last month. Every effort was made by Yarrows to do a good job on this vessel. As the minister said today, there is a good deal of complicated machinery to instal, and it was a severe test for the engineering skill of the draftsmen of that company and of the admiralty men concerned. Another destroyer, H.M.C.S. *Crescent,* is at present being converted in the dockyard at Esquimalt, conforming to the plans which were made for the *Algonquin.* Just why H.M.C. dockyard should have been called upon to make this conversion, I do not know. I would have thought the experience gained by Yarrows in developing the prototype of this ship and in turning out the *Algonquin* would have been of great help in the conversion of the *Crescent.* It does not seem to me that much encouragement is being offered to a shipyard if they are to produce prototype plans and do all the development work on one vessel, only to find that the next vessel of the same type is to be handed to a government competitor to do the work.

There are fourteen destroyer escorts of Canadian design and fourteen coastal minesweepers being built in Canadian yards. Of the former, I understand that nine keels only have been laid to date. In reserve we have a wartime fleet of frigates and minesweepers. If they are to be used, they must be completely modernized before they could possibly fulfil any of their roles in the event of an emergency. It would be almost criminal to send men to sea in those wartime ships at the present time if there was an emergency. Hence, with the exception of the three destroyers now in service in Korean waters and, you might say, the coronation review fleet—which I believe will consist of the aircraft carrier *Magnificent,* the cruisers *Ontario* and *Quebec,* the destroyer *Sioux* and two frigates—one may well ask: Where are the 100 ships and the men who are to man them? On February 28 we were told that the total naval personnel consists of some 15,400 men and that of this number nearly 5,000 are employed in administrative duties in commands and in the dockyards. One may truly ask: Why have there been these delays? The minister referred to the delays as "slipping". It seems to me that we have slipped badly with regard to our naval program.

Then we can only call attention to the fact that although we are essentially an anti-submarine navy, we have no submarines and no means whatever—and apparently no plans being made for that purpose—by which we are to develop the types of crafts now considered to be most efficient in the hunting of that underwater marauder.

We were told that the defence program would also include the seaward defences of our vital harbours. I venture to say that never have our harbours been more exposed to attack than they are today. The seaward defences of any nature are practically non-existent. Certainly the great ports on the Pacific coast such as Vancouver, Victoria, Esquimalt and Prince Rupert have no seaward defences. Therefore, with regard to the senior service, I cannot feel that we can be

encouraged by the progress which has been made in this program.

Mr. Chairman, it is now three minutes to one; and instead of my now starting on some comments with regard to the army, I would ask you to call it one o'clock.

At one o'clock the committee took recess.

The committee resumed at 2.30 p.m.

Mr. Pearkes: Mr. Chairman, I should like now to refer to the part the army has been assigned, and the progress it has made toward achieving the objectives outlined in the program of February, 1951. The 25th brigade in Korea and the 27th brigade in Europe have been maintained at the strengths up to which it was decided in February, 1951, to have those formations recruited, and it would be churlish on my part if I did not refer to the efforts made by the minister to live up to the obligations he then accepted. We in this party, on this side of the house, are pleased that the government has been able to maintain our overseas detachments of the army at the strength promised to the United Nations and to the NATO organization.

But that strength has been maintained at some expense to the forces being provided for the direct defence of Canada. The program of 1951 included an airborne striking force, anti-aircraft artillery and other units for the defence of Canada against direct attack. When the Korean operation started it was decided that it would not be expedient to send the regular units of the army which at that time were embodied in the striking or mobile airborne force for the direct defence of Canada, and for that reason second battalions of the three regular regiments and the artillery regiment were recruited as ad hoc formations.

Unfortunately it has not been possible to maintain that policy. The airborne striking force has already been broken up and its personnel distributed not only among the forces raised for Korea but also the forces sent with the 27th brigade, with the result that today we have no striking force of units which have been accustomed to work together and which have carried out any extensive training under arctic conditions.

If we are to have units organized and trained to meet an airborne invasion from the north, then those units should have extensive practice in northern areas and, if possible, should be stationed there. In the pamphlet issued by the minister yesterday, in which this year's program is set out, attention is called to the fact that a substantial increase is to be made in the emphasis placed on the defence of North America against air attack. Well, I should think so! We from this side of the house have been emphasizing ever since 1947 the importance of providing home defence. I have been called various names. It has been suggested that I was an isolationist and that I was an alarmist; and last year I was accused of being a yes-but man. Well, perhaps it will be recognized now that I was a realist, and that I had pointed out the danger of attack on this country, and the necessity for the government to maintain an effective force which would be prepared to meet any airborne attack which might be delivered against our shores.

The mobility of such a striking force would be governed very largely by its ability to be transported by air. We have no transport squadrons available for that purpose. We are told in the white paper that Bristol freighters and C-119 aircraft are being obtained. Well, they are not here now; and even if they were obtained, their range of manoeuvrability would be very considerably handicapped by the lack of airfields in our northern areas.

The fact also remains that in this mobile striking force no provision is made for engineer units trained in the rapid construction of airfields. At the present time such a force would be entirely tied down to the existing airfields, and I think if it is to be a really mobile tactical force it must have included in its organization engineer units capable of and fully trained in the laying down of new airfields and familiar with airfield construction.

Reference was made to anti-aircraft artillery. In his remarks today the minister said that such batteries as we have for the anti-aircraft defence of this country, particularly in the reserve army, are armed with obsolescent weapons. I would go much further than that and say that they were armed with obsolete weapons quite out of date and incapable of engaging a modern bomber which might be sent here. The old Bofors guns which is the equipment of many of the light ack-ack batteries across this country would be quite useless against a modern aircraft. I doubt very much whether they provide the right type of training for our anti-aircraft gunners. In fact there is considerable discouragement among the personnel of the anti-aircraft units by reason of the fact that they have such out-of-date equipment.

In so far as the mobile force is concerned, at the moment they have no aircraft which would be capable of acting as fighters to escort them. Without airfields and without fighter escorts to convoy the transports I feel that our mobile force is in a hopeless condition. It has not trained; it has not carried

out many exercises, if any, at the unit level or any operations which it would be called upon to do in the future. They are confined largely to parachute operations because of a lack of landing fields.

I have made observations in the past about the 27th brigade in Germany which were based upon personal experience gained when I was in Germany. I felt then and I still feel that too much emphasis is being placed upon the infantry units when they are employed in a theatre of operations where armour would be particularly valuable. I notice from the white paper that since I spoke in the house a year ago a certain number of Centurion tanks have been issued to a squadron—it is only a squadron—with the 27th brigade. It is a start in the right direction, the direction which I recommended. I hope we will go much further in that direction. Personally I feel that it is of the utmost importance that we do.

I notice another change which appears to be taking place in connection with the brigade. Regular units or regular personnel are being sent to replace personnel which had been recruited into the first infantry battalion, the first rifle battalion or the first highland battalion, three units of that brigade. I notice that it is now contemplated that regular units will be sent over to Germany, either the first or third battalion or one of the battalions of the regular units. This seems to be a change in policy.

The minister referred to the large number of men who have passed through that formation. The formation has a strength of some 6,000 personnel, I think he said, and something over 20,000 have passed through in rotation or have been brought back as casualties. This rotation policy may be pleasant for the personnel serving in the brigade; it is nice to think that a married man will be in Europe for only a year and that the single personnel will not have to stay away from Canada for more than two years. But the policy is extremely expensive and has the detrimental effect of breaking up the units.

A continual change of personnel is not healthy for the maintenance of morale. This applies particularly to infantry units where it is most desirable that the men serve with their regiments and regard their regiments as being their service homes for as long a period as possible. Where you have certain personnel coming back after twelve months and others rotating at different periods it has a serious effect on the development of esprit de corps.

I know that I am an old soldier and that 25 years or more ago we placed a great deal of emphasis upon regimental spirit. I sometimes wonder whether the army of today emphasizes that aspect to the same extent. It was with considerable interest that I read an article last January in the *Canadian Army Journal* by Major Garber, who was emphasizing the need for maintaining personnel in their regiments as long as possible while serving in Korea. He points out the dangers of frequent changes of personnel and emphasizes the necessity of ensuring that a larger proportion of what he terms capable men be sent to the infantry. I should like to make two brief quotations from this article, which is entitled "Every Rifleman Must be An Aggressive Fighter". I commend the article to the attention of all those who are interested in the problem of maintaining morale and efficiency in our units.

The first extract which I should like to quote is to be found on page 23 and is as follows:

> The allocation to infantry of men who fail to meet the standards set by another corps is a common and dangerous practice for it contributes to inefficiency in a corps that is vital to Canada's defence.

I feel that attention should be drawn to that. Then later on, referring to something which the hon. member for Broadview had advocated a couple of years ago, he states that the soldiers who actually fight should receive danger pay, and he goes on to say:

> Many men in specialized corps are given educations at army expense which enhance their opportunities on return to civilian life, but the skills taught infantrymen in most cases, cannot be applied to civilian occupations. They have nothing to show for their years of service except the knowledge of a job well done. Additional pay for fighting men would help to equalize the rewards of service. It is ridiculous to deny fighting men these small rewards on the basis that the administrative effort required is too great. If the task requires longer hours of work from the staff, it would be a small sacrifice to make in comparison to that of the front-line infantrymen.

I am inclined to think that the feeling of the Canadian infantryman today is very much the same as it was during the first world war, because I would have voiced much the same sentiments a good many years ago.

I should like to refer now to the endeavours which have been made to live up to our commitments in respect to the reserve forces. That is the sorry plight—I repeat, the sorry plight—in which we find our reserve army at the present time. It is reported in the white paper that the reserve army had a strength of 47,300 at the end of February of this year. I cannot help feeling that that strength is padded by a good many thousands because when we look at a return submitted earlier in the session in answer

to a question we find that only 13,715 out of the 47,300 attended training in camp last year. That 13,000 odd is made up of some 3,850 officers and 9,865 non-commissioned officers and men. If the strength of the reserve army is indeed 47,300, I feel that we are training but a very small fraction of the strength.

After all is said and done, the effective strength of the reserve army lies in the trained personnel in that force. In the past we have voted large sums of money, both last year and in previous years, and the fact that we only trained some 13,000 men for short periods in the summertime bears out my statement that we are only getting meagre returns for the money which has been expended. In other words, the reserve army needs a thorough reorganization at the present time. It must be modernized and it must be provided with the equipment and the facilities to attract the right type of recruits. You cannot expect men to give up their evenings after finishing work at their ordinary civilian occupations to go and train on obsolete anti-aircraft guns. It may be that some of the inefficient units will have to be eliminated. But this is a source of manpower which we must find a way of building up.

As the minister pointed out, this force has also been handicapped by the fact that it has sacrificed itself in making a contribution of some 11,000 men, I think he said, to the active army during the last year. That is highly creditable so far as the units are concerned and is indicative of the desire of the commanding officers who have released these men to take the broadest possible view of conditions. It points out the value of our reserve forces. All through the years our reserve army has provided the means for the expansions that have been necessary when war has broken out. We should be very careful in seeing that our reserves from this source are not weakened, and additional encouragement is required in order to make them effective at the present time. So much for the army.

I have a few remarks I should like to make with respect to the Royal Canadian Air Force and the part that it is playing and should play in the fulfilment of the objectives which were outlined. In the first place I think we must call attention to the dangerous weaknesses which existed in our air force when the Korean conflict commenced. Again it is only fair to give credit to the last-minute efforts that have been made by the government to build up our air forces. But if credit is due to the government for building up our air forces at the eleventh hour, then blame must also be attached to the government for having allowed those forces to sink to such a dangerous level prior to the outbreak of the Korean disturbance.

In the last few years the air force has received a great proportion of the defence vote. It is receiving now as much in the way of money as is being spent on the other two services. Yet the progress which is being made in the R.C.A.F. still causes us considerable concern. The program of 1951 called for 40 regular and reserve squadrons with more than 3,000 aircraft in addition to aircraft which were in existence in 1951 and of types, so the program indicated, suitable for the purposes for which they were intended. We have been told today, now that more than two-thirds of the three-year period has elapsed, that we have some 2,000 aircraft out of the 3,000, but it is highly questionable whether they are of types suitable for the work for which they were intended. So far as the twelve squadrons of jet fighters for the air division in France are concerned, I believe nine of them are now in Europe and the other three are just in the process of organization. Thus we have very little fighter strength in this country. I understand there are some nine auxiliary fighter squadrons—distributed throughout the length and breadth of Canada from Montreal to Vancouver—which are equipped with world war II Mustangs and more or less worn-out British-built Vampires.

Our fighters have all been sent out of the country with the exception of one squadron of CF-100's at North Bay which is today only in the process of being organized. Therefore we have nothing at the moment with the exception of the one squadron of CF-100's now being organized, three squadrons of Sabre jets now earmarked for NATO and preparing to move to Europe, and the nine squadrons of the auxiliary air force armed with very indifferent equipment quite incapable of meeting any hostile bombers which might possibly be sent to attack us here. Even the CF-100 squadron at North Bay is far from operational yet. There are difficulties with respect to organization and the supply of ground personnel, and so far as equipment is concerned there are difficulties with respect to the machines and the engines which still have to be ironed out.

In fact the minister in his white paper said that the aircraft we are now producing will eventually become obsolete. I suppose all aircraft will eventually become obsolete, but time is moving very fast. In fact, I do not think I am exaggerating in the least if

I say that in effect Canada has no air defence to direct attack at present, nor is she likely to have for many months to come. Our fighters are non-existent. If we are to rely upon these auxiliary fighter squadrons to produce the direct defence of Canada, it must be realized that they will very soon have to be equipped with aircraft not less efficient than the CF-100; and it takes a very long time to train pilots and to organize ground crews when the personnel of the fighter squadrons are working solely on a part-time basis. No matter how interested the individuals concerned may be, no matter how much time they are prepared to devote to the study of their work, I am very doubtful whether the auxiliary squadrons can be brought up to that state of efficiency which will enable them to be considered as first-line defence against air attack here in Canada. They will require a larger infusion of regular personnel than they have at present. I am not at all sure that we should not place the squadrons to be equipped with CF-100's on a regular basis.

Air commitments to NATO have been met but our air arm at the moment is insufficient to meet our NATO commitments without stripping, as has been done, units in Canada which are for the defence of Canada. We are told that we should defend Canada as far away from Canada as possible. That is a delightful dream, but in order to be effective, arrangements would have to be made with the enemy that they would attack Canada as far away from Canada as possible.

Some hon. Members: Hear, hear.

Mr. Pearkes: We might possibly send all our troops down to the Falkland islands, and they could not get very much farther away, but I question whether we would be doing very much for the defence of Canada if we did that. The long and the short of this matter seems to me to be that we have left our front door wide open while we have sallied out through the back door.

The government has spent millions in developing a specific plane, the CF-100, for our own defence; but until that plane is produced in sufficient numbers, and until ground crews are trained, Canada remains without adequate defence at home—and as far as I can see that condition is going to last for many months yet to come. We are told now that:

> In the event of an all-out war the most probable method of attack on the North American continent would be by air.

It goes on:

> The possibility of such an attack will increase as further progress is made in the design and production of new aircraft and the increasing stockpile of atomic weapons estimated to be held by the U.S.S.R.

Obviously now the admission is made that the communists could, if they wished, use their stockpile of atomic bombs and use their modern bombers, bombers which are capable of flying 6,000 miles or more if they adopt methods of refuelling in the air, against Canada; and we have nothing here in Canada at the present time to meet such an attack.

No wonder the minister says that the emphasis must now be changed in order to meet such a direct attack on Canada. I fear that until we have built up our defences for this country many Canadians are going to sleep very uneasily in their beds in the months to come. If the international situation, which for the moment seems to have cleared a little bit, should deteriorate again, then I fear that we shall sleep uneasily in our beds until we are provided with the necessary fighter squadrons to beat off any enemy bomber attack which might be directed against our cities. This is nothing new. I have spoken about this matter in the house time and time again. I think it was only last year that I used these words:

> The need of maintaining adequate fighter squadrons in Canada for the protection of our industrial plants, the loss of which would create such a crippling blow to our NATO effort and might prove fatal to Canada . . . must not be lost sight of.

I am afraid that it was lost sight of but I am delighted to see that recognition is now being given to the fact that Russian bombers, their TU-4's which have been tried out, are capable of coming here; and steps must be taken to defend Canada against the possibility of such an attack. It is no good to merely refer to our radar screen—if a radar screen exists—because, if it is sufficiently far away from the immediate targets to which it is going to give warning, it must be remembered that it can only be a warning system. There is no defence in radar. Radar can merely give a warning of the approaching enemy; and, unless the radar stations are in the extreme northland, it can only be a warning of a matter of four or five hours at most before a modern bomber could reach our industrial cities.

If you have no defence—and we have no anti-aircraft defence and we have no fighters—then all you can do is to tell people to run and hide. That is all the defence that radar can give you. It is no wonder that a man like Wing Commander Rohmer should have felt that it was his duty to speak in the city of Toronto just a few weeks ago and to say that Canada is absolutely defenceless to air

attack at the present time in spite of the millions which have already been spent on air defence.

I could go on a great deal longer on the question of air but I do not feel that I am entitled to detain the committee much longer. However, I just want to refer to the question of construction which has been going on.

The minister referred to the fantastic sums which have been spent on construction in this country, but there is other construction going on in Europe and foreign countries. The amount spent between April 1, 1950, and December 31, 1952, is, I think, somewhere in the neighbourhood of $358 million for projects in Canada, exclusive of married quarters. That construction can be divided into accommodation such as barracks and so forth, into amenities such as canteens, recreation rooms, swimming pools, schools, hospitals and so forth; and technical buildings such as workshops, administrative buildings and hangars. I would like the minister to explain the policy which is being followed in connection with this big construction program.

Some of these buildings which are being constructed are of a permanent nature, others semi-permanent and still others are purely temporary. We understand the purposes to which the temporary buildings will be put; they are to meet the immediate situation. But what plan is being followed, if any, in respect to the erection of permanent and semi-permanent buildings? Where are those being placed, and for what number of troops to be permanently employed in Canada are those buildings designed? Elsewhere, the methods of construction and the methods of awarding the contracts have been examined. We are not satisfied with all of this construction work, some of which I have seen. In a great many cases, the contracts are being let without calling for tenders. The contracts are being let on a cost-plus basis, and they are an invitation to extravagance. There is the feeling that such extravagance has taken place. Everyone wishes to have our troops comfortably housed and our servicemen provided with all the amenities, but nothing is to be gained by such expenditures as those which have been disclosed in the press and elsewhere.

Now, to sum up my rather lengthy remarks, I feel that the program which was drawn up in 1951, which is still being adhered to, and the progress which has been made shows that, although two-thirds of the time for this three-year program has elapsed, the objectives are not really in sight. Secondly, already the estimated $5 billion has been found inadequate and is being exceeded. Thirdly, much of the huge sum of money that has been spent has been spent on non-essentials, with the result that the taxpayer has not received full value in terms of defence for the outlay of his dollars. Fourthly, Canada today is virtually defenceless against air attack, although such attack is now admitted as a possibility. Fifthly, no mobile tactical force, combining the army and R.C.A.F. units, for defence against airborne attack on Canada exists. Sixthly, the reserve army, because of lack of training facilities, is ineffective and requires complete reorganization before it can play its role in the defence of Canada in total war. Lastly, our naval construction program lags far behind schedule.

It is for these reasons that we have criticized the progress that has been made in the development of this program which was laid down in 1951.

Mr. Clarence Gillis (Cape Breton South): Mr. Chairman, I am sure you will agree with me that any backbencher entering this debate does so with a lot of diffidence. Most of the members of this house are not able to obtain the kind of information necessary to enable them to discuss the defence program. In my opinion national defence is a misnomer. What we are engaged in is a global defence. Canada is merely one part of a team that has been organized through the United Nations to provide an international police force to police the peace of the world. If we are going to do that job successfully it is going to cost money. We are going to have to pull our share of the load, and merely carping criticism based on a lot of misinformation is not going to serve any useful purpose. The opinions which I shall express are based on the information it is possible for an ordinary member of the house to obtain.

We are going to have to ask ourselves some questions, and answer them honestly, in order that the people who pay the taxes to provide this program may have some understanding of the necessity for the continuation of the program upon which we have embarked. The first question we have to ask ourselves is whether or not peace is any closer today than it was when we first made the appropriation of $5 billion and allocated it for the purpose of defence. In my opinion, it is not. I have seen a lot of comment in the press, and I have heard a lot of opinions expressed to the effect that the new tactics employed by Russia are an indication that that nation is ready to put out the hand of peace and do away with the armaments race. It is said that, therefore, our defence effort is no longer necessary.

In my opinion, Mr. Chairman, the new Russian approach to the international problem is not a change of policy at all, but merely a change of tactics. I know that many members of this house have read a lot of the philosophy and the program of communism as laid down by Marx, brought up to date by Lenin and Stalin, and now Malenkov has the job of carrying that program forward and bringing it up to date. I say it is merely a change of tactics because in the past I have had to contend with a lot of these people. You have to read about their philosophy and policies if you are going to successfully talk to them in the many places that you meet them. Since 1945, and up until recently, we have been going through part of a program, as far as communism is concerned, that was laid down a good many years ago. Since 1945 we were in the period which they termed the national revolutions, in which they would stay at home to build up their own country, promote revolution in every other country, just as they have right across Europe and Asia, and then let the revolution take place on the inside of that country. That period is over.

The communists tell you quite frankly in their literature that in the struggle for world revolution there will be periods of attack, retrenchment and retreat. They are merely in a period of retrenchment to consolidate the gains which they have made, then they will go forward when the opportune time arrives. In my opinion, the program upon which we have embarked for global defence to build an international police force to police the peace of the world is just as necessary now as it was when we made that appropriation. I think that has to be made clear to our people. We have to make it clear that we are living in a world in which there are no frontiers, no barriers; it is one world. Our defences are going to have to be kept up, I believe, during the lifetime of most members of this house.

I have listened to a lot of criticism in the house, and I have read a lot in the press, concerning waste and extravagance. I could stand up here perhaps and make that kind of criticism myself. But I should just like to say this. When we made the appropriation of $5 billion and said that we were going to build an army, a navy and an air force and everything that is necessary to supplement those organizations, we were in the position where we went out into the country and took in civilians from all over Canada, people who were untrained, gave them a few months of military training, made officers of them, put stars on their shoulders and then sent them in to head up a department that was going to spend perhaps a billion dollars. The spending of money and the keeping of books requires a great deal of training and in the process of throwing that money around there was bound to be a good deal of waste, not because of dishonesty but, in my opinion, because of inefficiency. In many of the documents that I have seen, and with the eight or nine accounting systems that existed, for example, in the works branch of the army, I think there was a clear indication that there were on jobs a great many people who should not have been on them, and as a result there was created the mess that necessitated the Currie report.

I say that the minister himself and his department are responsible for permitting that kind of thing to develop. As the minister will recall, for two years, as one member of this group—and there were others in the house—I suggested that the minister should take under consideration the appointment of an additional minister. I pointed out that it was not humanly possible for one minister to preside over the three defence departments, with the reorganization that was bound to take place and with the huge amount of money that was to be spent. I said that he would need an assistant. My suggestion was not followed.

Another suggestion that I made and urged on the government from time to time was that we should set up a defence expenditure committee, a committee that would continue to sit week by week and month by month for the purpose of scrutinizing expenditures, with the power of calling in the heads of the departments and of the different services, in order to check from time to time as to the methods that were being employed in the spending of the money and in the reorganization of the forces. That committee was not set up for two years. It has now been set up, but it was set up too late.

The minister now has an associate minister to take some of the load. You have that defence expenditure committee set up and probing what is termed waste and extravagance. In my opinion there should be a continuing committee of this house consisting of some of the members of the house who have had some experience in the services, and there are about 100 of them in the House of Commons. That kind of committee would have prevented from happening the kind of thing that brought about the Currie report. As to responsibility, the minister and his department are responsible for not taking the necessary precautionary steps which, in my opinion, could have prevented the bad tangle that was brought about and that

necessitated the bringing in of this famous Currie report.

The question arose as to whether it was right for Mr. Currie to make available to the deputy minister of national defence a copy of his report before it was tabled in the House of Commons. I do not think it was. I think that was a bad mistake. The way I see it is this. It is just as if, in civilian life, if someone commits a crime and the crown prosecutor prepares the case against him, he then submits the case to the accused to check it for accuracy as to whether or not it was properly prepared. That is about the correct analogy. It was the Department of National Defence that was under suspicion. They were being investigated and they were being charged. I think Mr. Currie will have to take the responsibility for releasing that report to those who were accused at that time. As to that particular angle, however, it is in the past as far as I am concerned; and I think what we must do from now on is to plan for the future.

I listened to the hon. member for Nanaimo speak on this question of Canada's present position in the matter of air defence. In "Canada's Defence Program" issued by the Minister of National Defence, on pages 1 and 5 I notice that he indicates that the department and the government are becoming conscious of the fact that our air defences in this country are not adequate. I never set myself up as an expert and I did not get to my feet here and try to tell the minister what he should do in that particular field; but I have always had the opinion that the building of a network of radar stations across this country was not enough. Of what value are those radar stations in the event of an air attack? We have nine squadrons of Sabre jets overseas at the present time and there is one squadron of Sabre jets in Canada. If something happened—and, as is indicated by this program the minister has shown us now, the only possible chance of attack on Canada would be from the air—we blow all the horns in Canada, and there is one squadron of Sabre jets in the country that may get somewhere fast enough to intercept somebody who might be coming in. I think that greater attention must be paid to that matter.

I also think—and I have thought it from the start—that sending foot troops or infantry over to Europe is a mistake. As far as Canada's defence is concerned, I believe that the main emphasis should have been put on the air force of this country and that there should be in Canada sufficient air force to protect this country in the event of something happening. In the second place, I think that the force that we should have in Europe is an armoured force. As to the soldier on foot today, may I say this. In the kind of situation that prevails over in Germany, there is in eastern Germany all kinds of heavy armour that could race through foot soldiers like nothing if it were desired. As far as we are concerned in Europe, I think the emphasis should be on heavy armour. I believe that our whole program in that regard has been wrong. I am glad to see that the minister and his department have done some thinking anyway in the matter of air defence; but I still think that it is necessary for them to give some thought to the problem of foot soldiers versus armour over in Europe.

Another thing that I never could see is the period of enlistment. You will take a soldier on for Korea, and he is enlisting in for eighteen months. He goes to Korea for eighteen months and you take him back and discharge him. You enlist him to go over with the 27th brigade. You equip him and train him and go to all that expense. He serves a year over in Europe with the 27th brigade, comes back and is discharged. In my opinion that system is all wrong. I believe that if a young man in this country is going to be persuaded to make a career of the service, periods of eighteen months and two years are too short. On the other hand, if we are going to get the young people of the right calibre in this country to make a career of the service, we must begin to understand that our defence program is not a short-term program and that it is not going to be handled by soldiers who go in for eighteen months and get out, go back in again for another year and go to Germany. They are merely Cook's tours.

I think something must be done to build up the morale of the army, and to establish the old esprit de corps that existed in the different units at the time of the first world war. One does not hear any praise today for the unit in which a soldier has been serving. They will say that they were in a year or eighteen months, and that they got out. The only comment we will hear about their service is that they had a pretty rough time of it, that they were not treated well, or that sort of thing.

Something must be done, as I say, to build up the morale of the army. I know that, under present circumstances, if I were 21 years of age and wished to join the armed services, I would want to join for a period of three years. I would want to be in long enough to find out something about it, and to determine whether or not I wanted to make a career of it. Because today in this country service in the armed forces is a good career for the average young man, and proper methods should be taken so that he will be

interested in the services and will want to make a career of it.

I have made a few notes on this question of morale in the services, and have set down what I think is wrong and what should be done. There are very few things as important to the armed services of a nation as morale. Whether morale is high or low can depend upon many factors—food, fair treatment, pay, discipline, the prompt and just redress of grievances, and so on. The methods by which discipline is administered, and the manner in which grievances are heard, are as important as any of these factors. Discipline, and the disposal of grievances of members of the armed services, are important not only because of their relationship to morale, but also because of necessary limitations of civil rights imposed upon those who join the forces.

Civil rights and privileges of a member of the armed services are very much restricted. He is subject to absolute discipline. He may not sue his sergeant if he thinks that he has been unjustly treated. He may not write letters to the editor complaining about his commanding officer. He may not stand up on a soap box and speak about the inefficient way in which his service is organized. His political rights are limited to little more than the privilege of voting. He may not form any organization remotely resembling a union. Indeed any attempt at mass redress of grievances is an offence, according to the military code. He has no say whatsoever in the formation or administration of the rules of military discipline by which he must abide.

For these reasons it is particularly important that parliament exercise the greatest vigilance to ensure that members of the armed forces are afforded the greatest possible protection, consistent with the requirements of military discipline and efficiency, to ensure that the possibility of injustice and wrong to members of the armed services is reduced to a minimum.

The National Defence Act passed by the House of Commons on June 7, 1950—and I was a member of the committee which looked it over—took away some of the limited protection which soldiers, sailors and airmen had under previous legislation. Formerly a soldier who felt himself wronged by his officer could appeal over the head of that officer to seek redress of his grievance. His right to carry his complaint right up as far as the general was established by law. Similarly, an officer who felt himself wronged or who had a grievance had the right of appealing over the heads of his superiors, ultimately to the King himself. Now, however, section 30 of the new act, instead of prescribing the right of the soldier with respect to redressing wrongs, simply states that such rights and such procedure shall be as "prescribed in regulations made by the governor in council".

Again, the right of an accused person to be represented by counsel before court martial is not set out in the statute. Here again, the right to be represented at such proceedings is to be governed by "regulations made by the governor in council". This is provided by section 150 of the act.

Generally the new National Defence Act greatly increased the jurisdiction as well as the powers of punishment to be exercised by the various officers in the armed services. Previously any person convicted of insubordination was liable to penal servitude, or to a lesser punishment. Now, however, he is liable to life imprisonment or less. This provision is made in sections 74 and 75. The powers of a commanding officer were formerly limited to the awarding of 28 days' detention. Now his powers have been increased so that he may award 90 days' detention. This is set out in section 136.

These and numerous other examples may be cited to show how the armed services were, by the new act, made more authoritarian than previously and the rights of the members of the forces, as prescribed by law, were reduced. This tendency is to be deplored, and every effort should be made in parliament to afford the members of the services greater legal protection than they now have.

Mr. Claxton: They have more protection than ever before, under the regulations.

Mr. Gillis: I am simply setting out the sections of the act. Their rights were definitely laid down before the act was changed. Now they are subject to regulations; and who knows what those regulations are?

Another important element in maintaining morale in the armed services is pay. There is little doubt that in spite of increased pay in recent years there is a great deal of dissatisfaction with the rates now prevailing. The deputy minister of national defence in appearing before the House of Commons public accounts committee on May 3, 1951, admitted that one of the difficulties with respect to recruiting was that the men would receive less pay in the forces than they could get in industry.

During the war one of the social advances made by the armed services was the institution of dependents' allowances. These were paid for wives, children and other dependents, so that the income of a man with a large family was increased to help meet his greater needs. This provision went a long way toward recognizing a principle toward which socialists have strived for many years: "from

each according to his ability, to each according to his need". Since the war the dependents' allowance has been greatly restricted so that now, while there is a flat marriage allowance, there is no provision for increases in the allowance according to the number of children, and no provision whatsoever for other dependents.

Officers in the three services have long complained about the requirement that they purchase their own dress uniforms and certain items of equipment. This requirement is a hangover from the old days when a career in the services was a privilege reserved for the well-to-do. A man had to have a private income of his own before he could afford to take out a commission in His Majesty's forces. Gradually this has been changed so that officers are properly paid for their jobs, but the requirement that they buy their own uniforms still remains. If service regulations require the wearing of particular uniforms or equipment, that equipment should be paid for by the service and not by the man concerned. Otherwise it is simply a roundabout way of reducing the officer's pay.

One of the biggest omissions in the attempt to build healthy morale among the armed services is the failure to provide the men with proper educational and informational services. The deputy minister of national defence admitted that if a man "goes into the infantry and remains with it, about the only skill that he would acquire would be some mechanical knowledge about the weapons with which he has to deal." The navy has educational officers to instruct recruits in academic subjects, but army and air force recruits must, if they wish to improve their educational background, take correspondence courses.

The complete failure of the services to provide proper informational and educational services for their men has led to a failure of the Canadian troops in Korea to appreciate the significance of the United Nations action there. Pierre Berton, the feature editor of *Maclean's* magazine, who visited Korea earlier this year, reported on his return that, while most of the officers know what they were fighting for, the men could seldom answer the question as to why they were there and what they were fighting for.

I have thought a lot about the morale of the troops in the services. We have heard many stories from Germany about the 27th brigade. Men have told me that the punishment meted out in that brigade was worse than anything they had seen during the last war, in which some of these boys had served for five years. They said it was no trouble at all to get 90 days for the slightest misdemeanour. But there was one thing that stood out in their minds. When you were sentenced, even if it were only to 14 days' detention, the first thing that happened was that you were marched off to a German civilian barber who shaved off all your hair just like a convict. When you came back to your unit after the 14 days you still bore the stigma of a convict by having had your hair shaved off.

That kind of thing is ridiculous; it is absolute nonsense.

Another mistake made by the Department of National Defence is in connection with young men of 19 or 20 years of age who are taken into the service when married and perhaps with a child or two. These men are sent out of the country but their wives are not entitled to any allowance until they reach 21 years of age. Those women are left for a year or two without any allowance except what their husbands can spare by way of pay assignments.

I suggest to the Minister of National Defence that in building up an army, navy or air force he is dealing with human beings who react to injustices and the kind of thing I have just been talking about exactly as the minister or I would. It is not hard to be fair and reasonable with these young men, who are prepared to leave good jobs in many cases in order to make a contribution which they feel is vital under present world conditions.

I should like to say just a word on the matter of production. This is all-important. The hon. member for Nanaimo mentioned that our whole program was lagging, that we were not getting the kind of production we should. That may not be the fault of the Department of National Defence. I have in my hand a copy of a speech delivered by Mr. R. M. Brophy, deputy minister of defence production at the annual meeting of the Canadian industrial preparedness association in Quebec city on Thursday, October 16, 1952. I have had this for some time but I was struck with two passages which seem to indicate that there are others in this country who are not pulling their weight. I quote from page 8 as follows:

> It is always a good thing to plan well in advance for a possible contingency but in doing so we don't want to neglect the job in hand. From the government's point of view, the task immediately ahead of us is to maintain production schedules and to get deliveries as quickly as possible in order to attain the degree of strength needed to stop aggression.
>
> I well remember the enthusiasm which Canadian industry first showed in tackling this defence job. Much of that enthusiasm is still in evidence and there are many companies today that are putting their best effort into defence work. On the other

hand, we are facing situations where it is hard to get firms to take on certain types of defence contracts and also where there is a slowing down on work already in production. In other words, it seems to those of us who are looking at the picture from the government side, that there is a growing tendency to put priority on commercial work instead of defence contracts.

Then on page 11 he supplements that statement with these words:

Getting back to this matter of a certain indifference towards defence work that we are finding in industry, I want to point out again that this by no means applies to industry as a whole. However, it is true of certain firms. I am sure that we all embarked on this defence effort with the earnest desire to make a worth-while contribution to the defence of this country, and to the defence of the free world. I know that the delays and complexities have been discouraging. Nevertheless, the necessity to complete the program as soon as possible is still there. We have undertaken certain commitments and it is up to us to carry them through. As I see it, a defence contract carries with it a good deal of responsibility—responsibility to keep costs down, to maintain production schedules, and to meet delivery dates.

The financial inducement to accept this responsibility is, I know, not very great, but surely the returns are immeasurable. Individually, Canadians are making their contribution to Canada's defence. Industry, particularly in a free enterprise country, has an equal stake in this endeavour and the acceptance of defence contracts, even if they are not as lucrative as commercial business, is not too high a price to pay for the maintenance of political and economic freedom.

I think that answers the question of retarded production. It is the sort of story that we have been hearing since 1944, that certain industrial plants are reluctant to change over and retool for defence contracts. In those days there was a lot of stalling and delay. As the hon. member for Nanaimo suggests, there has been delay and there have been bottlenecks, but I would not hold the Department of National Defence responsible for that. The same thing happened when Great Britain had her back to the wall at Dunkirk. At that time the 5 per cent limitation on profits which had been laid down by statute by the House of Commons had to be removed. The minister of munitions and supply indicated to the house at that time that he could not get firms in this country to accept war contracts until the profits limitation had been removed. Those who were in business for the sake of business apparently did not have much patriotism or did not recognize the necessity of making a contribution toward defence. They were not ready to lose money by retooling for defence contracts.

Unless the government puts some teeth into some legislation these people will not carry their share of the load. The young man joining the air force to become a pilot may be giving up a job which pays him $500 a month. He leaves that job and risks his life because he realizes that this country is worth fighting for. It is not too much to ask the man who wants to carry on commercially, who wants to make money out of his operations, to do something as well. I think the government ought to talk a little to people of that kind.

I want to say a few words about defence research. Suggestions have been made in this house that Canada should discontinue defence research, that we should sit back and let the United States do the necessary research work and take whatever they may get. In the meantime we would not be spending money on research.

That is a pretty immature attitude for any hon. member of this house to take in the kind of world that we are living in today and with the kind of defence that must be visualized for the future. Our defence set-up will come mainly from the test tubes of the scientists. Where would our whole defence program be without the atomic research and plant that we have today? There must be continuing research into defence against atomic attack. If you do not spend money on that type of defence you will not have much in the way of defence.

On the other hand, we are experimenting up in the north country, where there is extremely cold weather, on the use of equipment, machines, planes and so on. We are doing research on clothing to enable our troops to move in that kind of climate in the event of having to meet a threat that might come over the Bering sea. That kind of research has got to continue. I have in my hand a little booklet put out by the defence research board. Its title is "Research Opportunities". I am not going to take the time of the house to read from it, but if anyone who is thinking in terms of depending only on research that may be done in the United States will take the trouble to take a look at the kind of work that the defence research board is carrying on and relate it to any war that may occur in the future he will realize that the most important part of our defence expenditure is the work that the scientists are doing in developing new machines, new equipment, new engines, further uses for atomic energy and all that kind of thing.

Actually in my opinion we are in the hands of the scientists for all of our defences in the future. I wanted to say that because I think anyone who makes the statement that Canada should discontinue defence research has not thought the matter through very far. That is about all I want to say. What I have said I thought should be said. As I said when I began, I do not set myself up as an expert. I think most members of the house are just feeling their way. In my judgment there are no experts on the world of the future in so far as war and

social problems are concerned. I think we have entered a new era. We have closed the old book of history and are writing a new one. There is no charted course. It is going to be a matter of trial and error from now on, but the least any of us can do is to try to think the thing through sanely and honestly and make the best contribution we can to our country regardless of what political tag we may wear.

Mr. Ray Thomas (Wetaskiwin): Mr. Chairman, at the outset I should like to join the hon. member for Nanaimo and the minister in paying tribute to the members of our armed forces. They have built up an enviable reputation throughout the years and have certainly served with distinction in the wars in which they have taken part. They are well known for their abilities, courage and resourcefulness in the field. We have been critical many times in the past and probably will be in the future but those criticisms have never been aimed at the armed forces as such. They have been criticisms of the department and the manner in which the administration of the armed services has been carried out.

In the present situation we know that things are serious. We are engaged now in a battle—and whether it be a hot war or a cold war it is still a battle—to maintain our way of life. This is not a war as we have known wars in the past. It is not a war between countries for trade benefits or anything of that sort. It is a battle between communism and the democratic way of life. We must never allow the peace overtures emanating from the communist bloc at the present time to lull us into a false sense of security. World domination has always been a part of communist doctrine. We sincerely hope that the peace moves that we have seen in the last few weeks are sincere. I am sure that Canada and the other western nations will meet the communists half way if they are sincere and will do all they can to bring about a lasting peace.

There is the possibility of course that the new soviet administration has seen the light and realizes that a world union based on power or anything of that sort will not work but that the community of nations upon this earth can get along peacefully if good will is exercised on the part of all. Although, as I indicated a few moments ago, we have always supported the expenditures of the Department of National Defence because we feel that at the present time defence is the most important branch of our government, we have been critical of the way in which the moneys have been spent at times and still are. The aims of the department are certainly worthy but in many cases the results leave very much to be desired.

The minister said today that our commitments to NATO will be met. I am glad to learn that but I am not too sure that the NATO aims are high enough. I believe that the NATO objective for armed forces is something like 90 divisions or 1,350,000 men by 1954. If we achieve that we will have done something, but we are far from having enough available men to even fight against the might of soviet Russia for a short time until we can build up further defences. As General Gruenther said last year—these figures were placed on *Hansard* during this same debate of last year—the soviet active force consists of 175 divisions or something over 4 million men, and they also have 20,000 first-line aircraft and 300 submarines. These figures are out of date. He also pointed out that the East German police force has at the present time 360,000 men who could be converted into an army on very short notice. Coupled with at least 360,000 Russian soldiers in East Germany, it makes quite a formidable force to meet if they should decide to march across the border anywhere within Germany.

The magazine *Aviation Age* says that the 1951 Russian production was 10,700 fighter planes, 530 reconnaissance planes, 3,060 light and medium bombers, 1,430 transport aircraft and 5,000 trainers and liaison aircraft. During the same period the United States produced only 5,000 planes of all types and in the neighbourhood of 20,000 aircraft engines. It is quite apparent that at the present time soviet Russia exceeds us in air power, manpower and sea power. If they can keep on producing at this rate we can never catch up with them.

I should like to say a few words with regard to aircraft. General Hoyt Vandenberg was reported to have said that the MIG-15 is a better climber than the F-86 and that the F-86 has a longer range. At altitudes up to 25,000 feet the F-86 equals the speed and appears to handle better than the MIG-15. Above 25,000 feet the MIG is faster and has a higher service ceiling. He goes on to say that the MIG and the F-86 are roughly in the same general area of technical development.

However, we must remember that the MIG-15 is not the best fighter plane the Russians have. The MIG-19 and the LA-17 are both superior to the MIG-15 in all respects; and it is claimed that both are either in production or could be put into production in a very short period of time. It has been pointed out to us that our F-86's have proven themselves superior in many respects in

Korea, although we have had reports to the contrary. We have no way of knowing, however, whether the MIG-15's that are in use there are the Russians' first-line aircraft or whether they are a second-grade aircraft being shoved into the Korean war.

Last year, Mr. Speaker, I urged that the Department of National Defence consider building more small aircraft carriers. At that time I indicated that I was not referring to the *Magnificent* or anything like it, but to something of the order of the old converted merchant vessel aircraft carriers we had for escort purposes during the war. Certainly those aircraft carriers played a leading role in the defeat of the U-boats in the Atlantic during the last war. That was particularly due to the fact that while our escort vessels were unable to match the speed of many of the new submarines which the Germans then had, the aircraft, which incidentally were of an obsolete type, were able to make up the deficiency in speed. I would suggest to the minister that this type of aircraft carrier is cheap, and they would certainly pay for themselves in a very short time in the event of submarine attacks in the Atlantic.

The minister mentioned today that we have at the present time 56 ships in the R.C.N. I wonder just how many of those are first-line ships or how many would be any good under actual combat conditions and against modern submarines. I certainly hope they would be good; but if they are anything like the old ones, and if they have not been remodelled, they certainly would not stand up under modern warfare.

It is all right, Mr. Chairman, for the minister to say that our commitments to NATO will be met, but we must remember that while we are meeting these commitments we must have something left over for our own defence here at home. We must have fighter strength spread across this country so we can offset any air attack which might come to any part of the country. I believe the minister said, or it was said in the white paper that was tabled, that air attack would be the type of attack we would have to worry about here at home. Also I think we need an adequate mobile army defence force which can be transported in a hurry to any part of the country where it may be needed. We should have sufficient numbers to do some good when they get there—at least sufficient to hold back any invader until some of the NATO countries, the United States or someone else, can come to our assistance.

We certainly appreciate the troubles which the Minister of National Defence and the Department of National Defence have had in the past, but I do not think these difficulties which have been pointed out should be sufficient to stop our defence effort. Our freedom, our way of life, and as a matter of fact our very lives are at stake. With good administration, conscientious defence spending, and with armed forces personnel of the type we have here in Canada we should be able to hold back all comers. We have the personnel, we have the ability, and now it is up to the department to see that we have those things which the men require to fulfil their duties to NATO and to us.

Mr. D. S. Harkness (Calgary East): Mr. Chairman, this morning the minister spoke at some length of the quality and achievements of the fighting men of the army, navy and air force who have been taking an active part in the war in Korea. I should like to join with him in paying tribute to those men—tribute to their spirit, to the efficiency of their training, to their leadership and to their accomplishments. I was glad to hear the minister pay that tribute to the men who are out on the sharp edge as far as the defence of Canada is concerned at the present time. In that way I would hope to draw the attention of the general public to the work which they have been doing in defending all of us.

I was rather sorry, however, that the minister conveyed the general impression, I thought, that the efficiency, the spirit and the accomplishment of these men were due to a high level of efficiency as far as the Department of National Defence is concerned. I do not think that follows at all. The ability of the Canadian fighting man has been well demonstrated in every engagement in which he has taken part; and the job these men have done is, I think, essentially due to that ability.

I was also glad to hear the minister say something about the College Militaire Royal de Saint-Jean this morning. Perhaps I might say that I have a certain amount of personal knowledge in regard to the college because I have a boy attending there. I think at that college they are doing an excellent job from the point of view of training young Canadians both in the way of a general education and of giving them military training at the same time. They are also helping to foster a spirit of unity between the two chief races in Canada.

I have been at the college on two or three occasions and I was extremely favourably impressed with the commandant, Colonel Lahaie, and the way he is carrying on his job there. I did not have an opportunity of meeting many of his staff, but those whom I did meet also made a very favourable

impression. I think the creation of this college will serve a very important need, one which has not been met before in Canada, and will considerably strengthen the country from both points of view I have just mentioned.

As has already been indicated by the hon. member for Nanaimo, the objectives of our national defence effort were stated in the white paper of, I think, three years ago. They are again stated in the white paper which was issued yesterday. I shall not read them but they are, briefly, to defend Canada itself, to meet our commitments overseas—our commitments to the United Nations or NATO—and organization to build up strength in the event that total war should break out.

With those objectives I am in full agreement as, I believe, is every loyal citizen of Canada. My criticism of the government is of the way in which they have attempted to attain these objectives or, perhaps I should say, how they have failed to reach them effectively. In that failure they have wasted large sums of the taxpayers' money.

For the past five years I have condemned the government on the grounds that our effective fighting forces are very small in comparison with the amount we have been paying for them. Unfortunately, year by year this situation has grown worse instead of better. If we look at the figures which are given on page 86 of the report of the Department of National Defence for 1952, and also in the white paper at page 36, we get a picture of how the cost has mounted. If these are arranged in the form of a table, as I have them here, the thing strikes one quite forcibly. For 1949-50 we had in the active forces 47,185 personnel; the cost was $384,879,000—I shall not give the odd dollars. This works out at a cost per man in uniform of $8,157. In 1950-51 there were 68,427 personnel; the cost was $782,457,000, and the cost per man was $11,435. In 1951-52 the total personnel was 95,394; the cost was $1,415,473,000, and the cost per man, $14,438. In 1952-53 the total personnel was 104,486; the cost was $1,889,507,000, and the cost per man, $18,083. For this year the estimated cost as given in the white paper is $2,243,767,000. We do not know the number of personnel, so we cannot make that calculation.

Based on the figures we have for these four years, we find the cost per man mounting from $8,100 to $11,400, to $14,400 and to $18,000. In other words there has been a steady progression upward in the cost per man in uniform. I might point out also that the strengths I have taken here are the strengths given for the end of the year in each case, that is at March 31. If one took the average strength throughout the year the figure would be somewhere halfway between each of the figures I have given, and therefore the cost per man would be considerably greater than the amounts I have given.

Now, these figures show how the cost has mounted for each man and woman in uniform. Of the 104,000 men and women we now have in the services, a large number are in administrative or training positions. The number actually in fighting units and capable of being put into battle is, of course, very much smaller. According to the figures on page 15 of this white paper the total number of men in fighting formations or units is 43,200. That would include a considerable number of non-fighting personnel, such as medical personnel and so forth. I would estimate that not more than 35,000 or 40,000 actual fighting personnel are to be found there.

This morning the minister said that we now have a larger proportion of troops operational than we had three years ago, and that is correct. He went on to say that the number we now have operational compares very favourably with other countries. I would have accepted that more readily if it had not been exactly the same answer he gave two or three years ago when I brought up this question. At that time he stated that the number of operational troops we had, as compared with non-operational troops, compared favourably to the number in any other country. Today he says we have greatly increased the number of operational troops, so surely there is a discrepancy there. It leads one to wonder about the minister's statement.

In any event we have a comparatively small number of fighting troops ready to go into action. As I say, probably 35,000 or 40,000 are in this category. In order to secure this comparatively small fighting potential we will have spent in the five years from 1949 to 1954, a total of $6,720,084,000. This is the total of the figures I gave before. I should like to ask, Mr. Chairman, can this showing be defended by the government as efficient handling of defence funds when we have spent such enormous amounts for, comparatively speaking, such small effective fighting formations? Of course the minister will say that a large part of this sum has been spent for armaments, ships, airplanes, guns, for buildings, the stockpiling of equipment and things of that sort. It is true that large amounts have been spent for these purposes, but the unfortunate fact is that even the small forces we have in being are not fully equipped with up-to-date arms. At the same time, I must say that we have more carpets,

neckties, teapots and things of that kind than these forces will be able to use in a good many years.

Last year I pointed out that we now have considerably fewer field and anti-tank guns, rifles and small arms of all sorts than we had four years ago, in spite of having made some purchases of United States type arms of these kinds. We have shipped equipment of that sort for some three divisions or more to Europe. We are, therefore, in the position of having spent this very large amount, yet we have a smaller amount of equipment in many lines on hand for fighting purposes than we had four years before the program started. We have also only a small number of up-to-date tanks, of the Centurion type. We have fewer serviceable vehicles of all sorts than we had four years ago. When we come to the air force, on which a large measure of the expenditure has been made, we find that, according to the white paper and the minister's statement, we now have nine squadrons of F-86E Sabre jets in operation. These are the only operational squadrons of up-to-date aircraft which we have. There are three more squadrons of these Sabres in the process of formation and training in Canada.

We have, however, no fully operational squadron of CF-100's, the aircraft that has been announced as the one to provide for the defence of Canada itself. The white paper says there is one squadron of CF-100's but that squadron is only in the process of formation. I know it is not fully operational. In addition to that, of course, the Minister of Defence Production announced a short time ago that the total number of CF-100's of all sorts produced to date was 16. The Minister of National Defence made some statement to the effect that they had deliberately let the program lag to some extent, but that certainly was not the tenor of the statement he made last year in connection with the CF-100, or the year before that. These aircraft were supposed to be available in large numbers long before this, and in the sky ready to defend this country. We have not got them.

We have been told that we have a partially constructed radar screen, but we do not know how complete it is. One thing we do know is that we have practically nothing with which to back up that screen, either in the way of fighter aircraft or ack-ack defence. As the hon. member for Nanaimo pointed out, a radar screen is useless for defence purposes unless you have something with which to back it up. He referred to the statement made by Wing Commander Rohmer; and I too think he did a great service in drawing that fact to the general attention of the people of Canada. It is a matter which we have raised year after year, but I am afraid it did not sink into the consciousness of a great many of the Canadian general public that we were comparatively defenseless as far as any air attack from the north was concerned.

The minister also mentioned the airborne brigade. That airborne brigade, of course, has been changed around considerably because of the rotation system of troops to Korea and so forth. However, whatever its efficiency may be—and I believe and trust that it is quite high again, because the people now in the airborne brigade have had upwards of a year of training in that role—and whatever the quality of the airborne brigade may be, it would not be of a great deal of use in discharging its function of being dropped to meet any attempted invasion of this country from the north, or the seizure of an airfield in the north so that bombing could be carried on down here or anything of that sort, because we simply have not the transport planes to carry it and drop it there. To that extent the airborne brigade serves only to lull the people of Canada into a false sense of security. For that brigade to be effective we must have planes ready to take them where they are needed and drop them there; but we just have not those planes.

What all this adds up to, Mr. Chairman, is that we have not the requirements to meet our primary objective, namely the defence of Canadian territory. In other words that objective has not been met, and it has not been nearly met. When we come to the second commitment, namely our obligations to UN and NATO, the minister says that has been met or will be met by the target date. We have done considerably better in meeting that objective than we have in meeting the primary one. When we come to the third objective, we find it is to a large extent a matter of the reserve forces and the general organization that is to be built up; and I shall deal with that matter later.

The small amount of defensive strength that we have in relation to the amount we have spent is also shown up clearly by a comparison of the numbers of personnel in the forces now and their cost, with the numbers and costs during the war. This comparison shows to what a great extent the cost per man in the services has increased. The increase is really out of all proportion to what one could reasonably expect. These figures are to be found at page 86 of the report of the Department of National Defence. I have already put on the record the figures for the past four or five years and I should

now like to refer to the figures for the years 1941 down to 1945.

In the year 1941-42 there were in our active forces approximately 426,000 personnel and the expenditure was $1,011,451,000, or a cost of $2,373 per man. In 1942-43 the number in the forces was 640,592 and the cost was $1,865,622,000, or a cost per man of $2,912. In 1943-44 there were in the services 709,666 personnel and the expenditure was $2,629,-094,000, or a cost per man of $3,704. This was the year in which our forces were at their height, and this was the year in which we started to fight in earnest. In spite of that fact, when we were blowing away large amounts of ammunition, and when we had the largest number of people in uniform that we had at any time during the war, the cost was only $3,704 per man whereas today it is approximately $18,000. In 1944-45 the number in the forces was 672,632 and the expenditure was $2,938,377,000 or a cost per person of $4,369.

Compare those costs, namely $2,300, $2,900, $3,700 and $4,300 at the height of the war, when the greatest expenditures of all were taking place, with the cost during the last three or four years of $8,100, $11,400, $14,800 and $18,000, with the figure still to go up in the next year, apparently. It certainly indicates that something in the nature of extravagance has been going on.

The minister, of course, may say that the costs now are greatly increased over what they were during the war, and that the general cost of living has increased. That is true, of course. But what he should add, but will not, is that that fact again is, to a considerable extent, owing to the policy of this government as a result of which we now have a 50-cent dollar. But even if you take that fact into consideration and allow that general costs of everything now are twice what they were, we still find that defence costs per man are over four times what they were at the height of the war, or just twice as much as we might reasonably expect them to be.

Amongst the chief reasons, for this excessive cost are poor administration, overblown staffs, inefficiency, extravagance and waste. The Auditor General's report, the Currie report, and the two reports which we were not permitted to see all show these conditions to exist in certain branches of the defence department. I think no reasonable person in Canada is in any doubt that similar conditions prevail to a greater or lesser degree in all branches. The reports, of course, dealt especially with inefficiency, extravagance and waste. I have spoken on those matters in a previous debate and I shall not go into them again at this moment. However, I should like to look at the matter of how staffs have been expanded, or in other words the empire-building which has gone on in the Department of National Defence.

A return which was recently brought down for the hon. member for Kamloops showed that in the deputy minister's office there are now more personnel than there were at any time during the war. What is or can be the justification for a state of affairs of that sort? If we look at the estimates for this year we find, under departmental administration alone, that the number of employees has increased from 2,512 in 1952-53 to 3,599 for 1953-54, or an increase of 1,087 in one year. If we go back and look at the estimates for the previous year we find that in 1951-52 the number of these civilian employees was 1,230. So there was an increase of 1,282 the previous year. The staff was more than doubled for the next year, in order to bring the figure up to 2,512 in these estimates for 1952-53. Well, this leads one to ask where this thing is going to stop. Are they going to keep on multiplying and multiplying and multiplying these staffs, until they employ half the people in Canada?

Then the number of civilian employees throughout the department showed a very sharp rise, though perhaps not quite as bad as in the departmental administration branch. Throughout the whole department in 1952 there were 21,782 civilian employees. For 1953-54 that figure is up to 26,638, or an increase of 4,856. And I would add that these figures do not include the casual and prevailing rate employees, who must number several thousand, although the exact number is not given.

One of the particular spots where the increase in the number of civilian employees is shown is in connection with stenographers and typists. Evidently the paper war has been and is being stepped up, although we were told last year, I believe it was, that the paper work in the department was to be simplified. Well, I can readily believe that paper is flowing more freely than ever both into and out of national defence headquarters, because I have seen some graphic examples of it. My route home from this building often takes me between the national defence headquarters buildings, and on several occasions I have seen large burlap bundles filled with paper. Evidently this is waste paper that has been piled ready to be taken away. It is an arresting example of the vast number of pamphlets, forms and letters which have to be thrown out frequently, and gives one some idea of the enormous amount

of paper that this very large number of civilian employees are kept busy passing about from one to another. The cost of the staff employed in shuffling this paper about is enormous. Even the cost of the paper must be very high.

Then last year I spoke at some length concerning the multiplication of staffs that has taken place at national defence headquarters, as well as at command and area headquarters, and at similar headquarters of other services. I shall not repeat what I said at that time, except to mention that in one branch of national defence headquarters alone, that of the army training and staff duties branch, there are now seven full colonels, each with a staff of officers and other ranks, as well as civilians. All those people are doing the work accomplished before the war by one colonel, three majors, and something like twelve other ranks.

No doubt the amount of work has increased; but I doubt very much whether, so far as that particular branch is concerned, the amount of work has more than doubled, or anything along that line. As I said last year, they have to put out the same number of training pamphlets whether they have a thousand men or ten thousand men. The work of preparing those pamphlets is the same in either case. But in any event we see this enormous multiplication of effort taking place, a great deal of which I am sure does not contribute very greatly to the defence of this country, and which is certainly very expensive.

Then, extremely large sums of money have been spent for equipment, but we have received comparatively little information as to what equipment we have received for these large sums of money. Last year in the defence expenditure committee there was discussion of an item of $683 million for aircraft, about which we could get practically no information. We find in these estimates another $400 million for aircraft. I would hope that this year, when we begin to discuss the estimates in detail, the minister will be able to give us a considerable amount of information as to how this billion-dollar item has been spent. What have we to show for it? What did we receive for it? So far as we know, all we have is nine squadrons of Sabre fighters, plus a certain number of training aircraft.

The same applies in respect of equipment for the army. Large sums of money have been spent for it, and from the last information we were able to get in last year's defence expenditure committee, it did not appear that much equipment had been secured. In fact a very limited amount had been secured at that time. That is another matter upon which we should have more detailed information from the minister during the discussion of his estimates.

The minister said that, so far as administrative procedures and things of that nature were concerned, standardization had gone ahead satisfactorily, but that it had not worked out so well in respect of arms. He expressed the hope that a standard rifle would be adopted in the not too distant future. I firmly believe that the decision made three years ago by the minister to standardize our arms with those of the Americans was a very grave mistake. After the decision was made, the department started in on the program of getting rid of the arms we then had by sending them to European nations. Then the department found that in many cases they could not get arms from the Americans, and that when they did they were not as satisfactory as the ones they could get from the British.

That program had to be halted, and it definitely was halted. Only a limited number of American small arms, guns and the like were purchased. Practically no purchases were made of United States tanks. I believe the mistake then made has done a great deal to increase the expense of our defence effort, and has greatly complicated it and made it less efficient than otherwise it would have been.

I suggest the minister should tell us what amount of United States armament we now have, including small arms, guns and the like. He should tell us what Canadian forces, if any, are equipped with these small arms, in other words to what units they have been issued. The minister said—and I am not sure whether it was in his speech or in the white paper—that good progress has been made in producing 105-millimeter and 155-millimeter guns. I would like to know how many of these guns have been produced, and what units in our forces are equipped with them; because we were definitely short of guns, due to the number that were shipped to Europe.

I should like now to say a word about the reserve army. Once again I would compliment the members of our reserve army, those men who give so much of their time and energy in an attempt to keep the reserve in force. I would include not only those men, but also members of the naval reserve and of the air force reserve. These are men who are devoted to their task but who, to a very large extent, are not supported to the extent they should be—and indeed never have received the support from this government that should have been given. At page 14 of

the white paper the minister says this about the reserve force:

> The Canadian army reserve force has increased by nearly 13,700 since March 1948 to a total strength of more than 47,300 at February 28, 1953.

If we look at page 7 of the white paper issued last year we find this:

> The reserve army strength has increased by over 13,000 since March 1948, to a present total of approximately 47,000.

Actually the minister should have said in this year's white paper that the reserve force has increased by 300 over last year's figure; and that is not a very impressive increase. We may well ask this question: Why does the minister take 1948 as the year from which to compute the increase in strength? If you look at this report on national defence I think you will find the reason quite readily. The year 1948 was the year in which the reserve forces of the army were at the lowest ebb they had ever reached since the first great war. I complained about this last year, because it is typical of the things the minister does. I do not know whether he does it deliberately, but I do not see how he can be doing it any other way. It creates a wrong impression; it gives the people an idea that things are better than they are in actual fact. If we look at the figures for the last few years we see that the reserve forces have shown practically no change in strength. The figures for the reserve forces of the army are as follows:

1950-51	46,456
1951-52	46,936
Last year	47,000
This year	47,200

There has been practically no change in those four years. In both these white papers, one year after the other, the minister tries to give the impression that our reserve forces have actually increased by 13,000. He does that by taking 1948 when they were at the lowest ebb since the first great war. It is an unfair way of doing things, and it definitely creates a false impression.

Mr. Claxton: Is it not a good thing to begin at the base, to show the increase from the base?

Mr. Harkness: I think it is a good thing if the impression the minister is trying to make is that everything is improving with the Canadian defence forces, but I do not think it is a good thing to try to deceive the Canadian people and make them believe that things have been improving constantly when as a matter of fact they have been standing still for the last few years. The reserve forces have been hard put to it to maintain the strength they have.

[Mr. Harkness.]

The situation in the reserve forces has not been good. There is no question about that. Along with other hon. members I have been receiving an increasing number of complaints from men in the reserve forces. The general situation in a lot of the reserve units is pretty well summarized in an article which appeared in the Calgary *Herald* of March 30. This was written by Jim Senter, who was a member of the unit I was in overseas and also of the reserve force unit which I commanded after the war. This was an artillery unit, and therefore I think he knows what he is talking about. I believe he is still in the reserve army. The article goes on in this way:

> Officers Claim Faults Injuring Reserve Army Lack of Understanding and Scarcity of Equipment Cited as Main Troubles
>
> A lack of understanding, a shortage of permanent and non-permanent personnel and a scarcity of good, modern technical equipment is tearing the heart out of Canada's reserve army.

And then again:

> In part, at least, the reasons for the above situation are not too hard to find. These are: Overcommitment of Canada's small, but efficient regular army, now charged with the defence of Canada and the maintaining of two brigades for service under United Nations charter in Germany and Korea; and, promises and shipments of Canadian army equipment to countries of the North Atlantic Treaty Organization have stripped stores and supplies for the reserve army.
>
> "I think they are making a big mistake", said one officer. "Most of our equipment was hauled away gradually and what we have left is becoming obsolete fast. At this rate things are going to be just like they were in 1939-40 when the artillery was training on 18-pounders and 4·5-inch howitzers.
>
> "If a third great war should come, troops would require so much training after the outbreak that it would be years before they would be ready to fight."
>
> This officer suggested that at least one piece of each item of modern equipment should be issued reserve army units "so we can keep up to date. They keep promising us that equipment will be replaced but, at the present rate, that's going to take years and it will be obsolete by the time we get it."
>
> Particular shortages are to be found in transport, technical survey equipment such as the director, so important in artillery work, and range tables, without which artillery batteries can scarcely function.
>
> The infantry in Calgary is not too badly off, but artillery units are in the ridiculous position of training with guns without breech rings. The director shortage is reminiscent of pre-second great war days when units made do with wax tins and broom sticks.

The article says the infantry is not too badly off, but I was talking to some infantry officers when I was home over Easter and they were complaining bitterly about shortages of equipment. They told me their carriers were about to be taken away from them. They told me their carrier platoon was the best they had. Their jeeps have gone already, and other parts of their transport are gone. Their contention was that if their carriers

were taken the only thing they would have left with which to train would be small arms, and generally the spirit of the battalion would suffer seriously as a result.

It is extremely difficult to understand why the equipment of the reserve forces should have been constantly drained away during the past four years. The minister gets up here year after year and says they are anxious to do everything possible for the reserve forces, yet we find this situation existing. This equipment is gradually being taken away from them, and as a result their efficiency has been destroyed.

Mr. Claxton: The hon. member must know that the equipment to which he refers is being taken away to be rehabilitated and then shipped to Europe, and will be replaced by equipment of the latest type. That procedure is well under way.

Mr. Harkness: What is the use of taking away equipment and saying that it will be replaced, and then months and months go by and it is not replaced. These people are left without equipment with which to train. How can you expect the spirit of a unit to be kept up; how can you keep up the interest of the men; how can you carry on training if you take equipment away and say that some time in the future they will be given more modern equipment? As a matter of fact the equipment they had should have been left with them until the modern equipment was available. Then they would have had something with which to train; but to take away this equipment and have months go by without it being replaced is the surest way I know to kill interest. The article continues:

> We're not getting the understanding or co-operation we should from western command. They treat us as active force units. Returns, returns, returns, all the time.

It is the same paper war I was talking about a while ago.

> It's impossible to do them all in the few hours' training time allotted each week.

I do not blame the western command for this situation. I blame national defence headquarters and the minister. They are the people who lay down what returns have to be sent in. They are the people responsible for the paper war that the reserve army has to fight. The western command or any other command merely carry out the orders they get from here.

This article goes on to deal with other matters and then makes a few recommendations as to how the situation might be improved. One of the suggestions made is one that I have mentioned before. This is the suggestion that a certain number of officers and N.C.O.'s from reserve units should be sent on a tour of duty of six weeks or two months in Korea or Europe.

I have heard the minister say on several occasions that the availability of officers has always been a matter of worry, that there has been difficulty in getting officers. I would think that any deficiency which may exist in connection with officers and N.C.O.'s could readily be met by giving reserve force officers a tour of duty in Korea. Of course it would have to be limited in time because they have civilian jobs which they could not stay away from for very long. We have an airlift in operation. It would be quite a practical business to carry them back and forth, and the cost of doing so would be no greater than the cost of putting them in camps, sending them to schools and things of that sort which have proved comparatively ineffective. From the training point of view, if you adopted some scheme of this sort you would give these people the best training they could possibly have and make them very much more effective in their own units when they returned from such tours. You would also build up the reserve of people who had had actual experience in the Korean war about which the minister was talking. That is one way in which interest in the reserve forces and their standard of training could be improved, and I would recommend it very strongly to the minister.

Other ways, of course, are to reduce the number of returns and the great quantity of paper work involved which reserve force people on the whole just do not have the time to attend to. Another would be greater interest being displayed on the part of the government, national defence headquarters and so on in the reserve forces and their problems, particularly expressed in making sure that they have sufficient equipment. I have spoken about the matter of equipment before. Apparently equipment of all sorts is short. One of the things which the reserve force units resented particularly was the loss of their jeeps, which left them without vehicles to do all sorts of little jobs. I do not think you can expect anything else but that the reserve force officers will have to put up a terrific fight to keep their men and to get more men in the units and get them interested if they are constantly short of equipment, if what they have is taken away from them, and if they constantly have to improvise.

There is one other matter which I should like to mention briefly. I refer to promotions within the Royal Canadian Air Force. Last year I took up the matter of promotions of administrative officers with the minister and pointed out that the number of promotions

in that category had been very small. I understood there was a considerable amount of feeling among administrative officers because of that fact, which naturally did harm in the service. The minister made a reply which I thought was none too satisfactory.

However, there is another matter along the same line that I should like to take up. I asked some questions as to the length of time officers in the R.C.A.F. had been in their present ranks. I received a return on the 4th of March. The highest rank is air commodore, of whom there is only one, who has held that rank for over nine years. Taking all officers, there were 120 who had had no promotion for over nine years. There were 173 who had had no promotion for nine years. There were 298 who had had no promotion for over six years and 913 who had had no promotion for over three years. Many of these men are junior officers.

Taking flying officers, the lowest rank, there were 21 who had had no promotion for over nine years. There were 33 who had had no promotion for nine years, 98 who had had no promotion for over six years and 285 who had had no promotion for over three years. I should like to ask the minister to be prepared to make a statement on the promotion policy of the R.C.A.F. particularly, and also of the army and navy. It seems to me that it is very difficult to get efficient service if you have considerable numbers of men, particularly in the two most junior ranks, who have had no promotion for nine years or more. It is bound to kill initiative and make things sticky as far as carrying out military activities of all sorts is concerned. It may be that there is a good explanation, I do not know; but certainly it is a matter about which the committee should have some explanation.

The Chairman: The hon. member for Calgary East has divided his speech into two sections, one which had to do with a discussion of policy and the latter part which had to do with the asking of questions. Since there are only two minutes left before five o'clock and we have to consider private and public bills at that hour, I thought this might be a good opportunity to discuss the procedure which we will follow after the general discussion is completed. It will be recalled that last year the details at page 295 were called heading by heading and studied under the various headings. Is that procedure agreeable to all members this year? I should like to hear comments if there are any. Is it agreed that we will follow that procedure?

Some hon. Members: Agreed.

[Mr. Harkness.]

The Chairman: Does the hon. member for Kamloops wish to begin his speech?

Mr. Fulton: It is now one minute to five.

The Chairman: Shall I call it five o'clock?

Mr. Fulton: If that is agreeable to the minister.

Mr. Claxton: Agreed.

The Chairman: As it is five o'clock, the house will consider private and public bills.

PRIVATE BILLS

MERIT INSURANCE COMPANY

On the order:

House in committee on Bill No. 280 (Letter R-9 of the Senate), intituled: "An act to incorporate Merit Insurance Company". (Without amendment)—Mr. Macnaughton.

Mr. Speaker: I notice that on the order paper there are two bills, the one the deputy clerk has called and also a bill intituled "an act to incorporate Canadian Disaster Relief Fund, Incorporated", being Bill No. 229. There are also a number of divorce bills. All these bills are to be considered in committee of the whole. Is it the unanimous wish of the house that I should now leave the chair for the house to consider all these bills in committee of the whole?

Some hon. Members: Agreed.

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 280, to incorporate Merit Insurance Company.—Mr. Macnaughton.

Bill No. 229, to incorporate Canadian Disaster Relief Fund, Incorporated.—Mr. Weir.

Bill No. 231, for the relief of Rolande Jacqueline Lortie Nugent.—Mr. Winkler.

Bill No. 232, for the relief of Alice Cecilia Anne Magniac Parker.—Mr. Winkler.

Bill No. 233, for the relief of Therese Monette Lax.—Mr. Winkler.

Bill No. 234, for the relief of Paul Edward Tremblay.—Mr. Winkler.

Bill No. 235, for the relief of Maurice Leveille.—Mr. Winkler.

Bill No. 236, for the relief of Bernard Gordon Smith.—Mr. Winkler.

Bill No. 237, for the relief of Anne O'Connor Shapiro.—Mr. Winkler.

Bill No. 238, for the relief of Beryl Mildred Taylor Leckie.—Mr. Winkler.

Bill No. 239, for the relief of Eileen Margaret Amos Trudeau.—Mr. Winkler.

Bill No. 240, for the relief of Florence Mae Mitchell Anderson.—Mr. Winkler.

Bill No. 241, for the relief of Sidney William Donald Butler.—Mr. Winkler.

Bill No. 242, for the relief of Adele Roberta Jeffrey.—Mr. Winkler.

Bill No. 243, for the relief of Margaret Bell Favreau.—Mr. Winkler.

Bill No. 244, for the relief of Lena Herman Besner.—Mr. Winkler.

Bill No. 245, for the relief of Muriel Luella Sproston Kerr.—Mr. Winkler.

Bill No. 246, for the relief of Ruth Steirman Fernley.—Mr. Winkler.

Bill No. 247, for the relief of Milorad Aragian.—Mr. Winkler.

Bill No. 248, for the relief of Kenneth Angus Eaton Hewitt.—Mr. Winkler.

Bill No. 249, for the relief of Delia Fleurette Ayotte Martin.—Mr. Winkler.

Bill No. 250, for the relief of Clarence Albert Edwards.—Mr. Winkler.

Bill No. 251, for the relief of Issie Adler.—Mr. Winkler.

Bill No. 252, for the relief of Jean Shelvington Parnell Adams.—Mr. Winkler.

Bill No. 253, for the relief of Peggy Louise Miller McCallum.—Mr. Winkler.

Bill No. 254, for the relief of Jean Paul Gauthier.—Mr. Winkler.

Bill No. 255, for the relief of Bernice Catherine MacDonald Crawford.—Mr. Winkler.

Bill No. 256, for the relief of Horst Wilhelm Wossidlo.—Mr. Winkler.

Bill No. 257, for the relief of Nick Sauchuk.—Mr. Winkler.

Bill No. 258, for the relief of Rita Frost Siversky.—Mr. Winkler.

Bill No. 259, for the relief of Beatrice Gotlieb Slobotsky.—Mr. Winkler.

Bill No. 260, for the relief of Georgina Julia Rose Charland.—Mr. Winkler.

Bill No. 261, for the relief of Margaret Violet Creasor McKenna.—Mr. Winkler.

Bill No. 262, for the relief of Kathleen Snell Meloche.—Mr. Winkler.

Bill No. 263, for the relief of Henry George Maxham.—Mr. Winkler.

Bill No. 264, for the relief of Marjorie Evelyn Lee Stevens.—Mr. Winkler.

Bill No. 265, for the relief of Queenie Isabel Brambell Muchan.—Mr. Winkler.

Bill No. 266, for the relief of Bessie Mabel Witcomb Elson.—Mr. Winkler.

Bill No. 267, for the relief of Catherine Maine McKenzie Woods.—Mr. Winkler.

Bill No. 268, for the relief of Robert Edward Francis Clements.—Mr. Winkler.

Bill No. 269, for the relief of Agnes Jackson Stroud Earle.—Mr. Winkler.

Bill No. 270, for the relief of Mary Elizabeth Irene Gray Brideau.—Mr. Winkler.

Bill No. 271, for the relief of Marie Claire Marcelle Suzanne Langlois Crowe, otherwise known as Marie Claire Marcelle Suzanne Langlois Cockell.—Mr. Winkler.

Bill No. 272, for the relief of Janina Jenny Spaiches Remeikis.—Mr. Winkler.

Bill No. 273, for the relief of Ruth Sanel Kolofsky.—Mr. Winkler.

Bill No. 274, for the relief of Pauline Tratenberg Goldman.—Mr. Winkler.

Bill No. 275, for the relief of Molly Klau Lust.—Mr. Winkler.

Bill No. 276, for the relief of Charlotte Freeman Pelletier.—Mr. Winkler.

Bill No. 277, for the relief of Olive Spencer Thompson.—Mr. Winkler.

Bill No. 278, for the relief of Dorothy Sanger Anderson Morris.—Mr. Winkler.

Bill No. 281, for the relief of Helen Vera Cater Morgan.—Mr. Winkler.

Bill No. 282, for the relief of Theresa Hynes Gnatiuk.—Mr. Winkler.

Bill No. 283, for the relief of Anna Kobitowich Gordon.—Mr. Winkler.

Bill No. 284, for the relief of Mary Viola Yolanda Decorato Roy, otherwise known as Mary Viola Yolanda Decorato King.—Mr. Winkler.

Bill No. 285, for the relief of Vincent John Laviolette.—Mr. Winkler.

Bill No. 286, for the relief of Eileen Arthur Osborne Prescott.—Mr. Winkler.

Bill No. 287, for the relief of Margaret Aziz Salhany.—Mr. Winkler.

Bill No. 288, for the relief of Margaret Parker Graves.—Mr. Winkler.

Bill No. 289, for the relief of Audrey Jane Clements Patterson.—Mr. Winkler.

Bill No. 290, for the relief of Roland Masson.—Mr. Winkler.

Bill No. 294, for the relief of Clara Doris Jacobovitch Shepherd.—Mr. Winkler.

Bill No. 295, for the relief of Doris Esther Kimel Schwartz.—Mr. Winkler.

Bill No. 296, for the relief of Hans (Johann) Mueller.—Mr. Winkler.

Bill No. 297, for the relief of Joseph Henri Jacques Gaston Lareault.—Mr. Winkler.

Bill No. 298, for the relief of Joseph Nagy.—Mr. Winkler.

Bill No. 299, for the relief of Aime Arthur Roy.—Mr. Winkler.

Bill No. 300, for the relief of Sarah Juliet Montgomery Scott.—Mr. Winkler.

Bill No. 301, for the relief of Mary Ethel Flood Harding.—Mr. Winkler.

Bill No. 302, for the relief of Carrie Ruth Morbey Chenoy.—Mr. Winkler.

Bill No. 303, for the relief of Beatrice Sylvia Aston Sutton.—Mr. Winkler.

Bill No. 304, for the relief of Irene Toth Nagy.—Mr. Winkler.

Bill No. 305, for the relief of Henryka Ziernicka Bogdan.—Mr. Winkler.

Bill No. 306, for the relief of Mildred Ermine Bradshaw Moore.—Mr. Winkler.

Bill No. 307, for the relief of Shirley William Bales.—Mr. Winkler.

Bill No. 308, for the relief of Marjorie Joy Hartley Tanner.—Mr. Winkler.

Bill No. 309, for the relief of Thomasine Elaine Mansfield Black.—Mr. Winkler.

Bill No. 310, for the relief of Patricia Mary Kearney Hollett.—Mr. Winkler.

Bill No. 311, for the relief of Margot Fairbanks Duff Pratt.—Mr. Winkler.

Bill No. 312, for the relief of Marguerite Rita Stevenson LaFerme.—Mr. Winkler.

Bill No. 313, for the relief of James Alexander Dougherty.—Mr. Winkler.

Bill No. 314, for the relief of Morris Fishman.—Mr. Winkler.

Bill No. 315, for the relief of Yvon Perras. —Mr. Winkler.

Mr. Speaker: The business under the heading of public and private bills having been disposed of, the house will resume the business which was interrupted at five o'clock.

SUPPLY

The house in committee of supply, Mr. Beaudoin in the chair.

DEPARTMENT OF NATIONAL DEFENCE

Defence services—

241. To provide for the Canadian forces, the defence research board and other expenditures relating to defence, including contributions toward the military costs of the North Atlantic Treaty Organization; to authorize expenditures in the current year out of the amount hereby provided, not exceeding $324,000,000, under the provisions of section 3 of the Defence Appropriation Act, 1950, and to provide that, notwithstanding subsection 3 of that section, where equipment or supplies acquired by the Canadian forces after March 31, 1950, are transferred, the estimated present value thereof shall, if the governor in council so directs, be credited to this vote instead of being paid into the special account mentioned in the said subsection 3, and when so credited may be expended for the purposes of the Canadian forces; and notwithstanding section 30 of the Financial Administration Act to authorize total commitments for the foregoing purposes of $3,994,895,578 regardless of the year in which such commitments will come in course of payment (of which it is estimated that $1,971,926,275 will come due for payment in future years), $1,960,159,633.

Mr. Fulton: Mr. Chairman, I do not suppose any member who heard the minister's statement this morning on Canada's defence program could have failed to be impressed with the thought that if the defences of Canada were in as good shape as the minister would have us take from his statement, there would not be very much for anybody to say about it. However, the facts of the situation are, Mr. Chairman, that unfortunately there are a number of us who feel that we cannot take that reassurance from the minister's statement; because he has been making these reassuring statements every year now, particularly since Korea and the inauguration of the three-year, $5 billion program.

The developments and the discoveries of what is going on in the department do not warrant us in relaxing our efforts or, I think it is fair to say, they do not warrant us in relaxing our criticism in an attempt to obtain a more realistic and efficient defence program in this country and, also, as part of the United Nations Organization and as a country having responsibilities to the North Atlantic Treaty Organization.

It is, of course, true that one of the main features with which our criticism deals is the actual amounts of money which are spent; but, Mr. Chairman, it should be made clear, if it has not already been made clear, that the objection on that score is not that we have to spend money on defence. Owing to the circumstances in which Canada and other free nations find themselves it is unfortunately necessary to provide for defence on a scale with which we have never before been confronted in a time of nominal peace. It is not the fact that the government is asking parliament to authorize huge sums of money for defence which is criticized but, rather, the fact that we are told that we are getting defence which is quite unrealistic when you compare the situation as it actually exists, and the adequacy of our defences, with what should be available in terms of real defence after the amount of money we have spent.

This attempt to have the house and the country believe that we have in fact got real defence for all of the money we have spent takes two forms. The first is with respect to the details of the program announced in the various white papers we have had, as to the size of our defence forces themselves, the efficiency of the various components and so on, to the effect that they are at a certain level of efficiency and that they have equipment. That does not seem to be the case when we analyse the situation. Second, there is an apparent belief—and certainly it is so consistently put forward by the department that it may be the minister believes it himself—that money spent on frills and fineries, on things which do not actually increase the shooting power of Canada's defence forces, nevertheless is providing a defence machine which will be adequate to discharge the job of defending Canada, when in fact the things for which large amounts of defence funds are being spent will not give us any defence at all in the real sense of the word.

In respect to the first of the unrealistic branches of the minister's defence of his own department—that is, that our defence forces are actually equipped and ready, that we have forces in being to an extent which does

not seem to be borne out by a detailed analysis of the situation—I think there cannot be a better example of the truth of what I have said than that which was furnished recently in the statement by Wing Commander Rohmer, which was previously referred to in this debate. Wing Commander Rohmer, in the speech he made on March 26, 1953, in Toronto, took exception to the very thing I have been mentioning, these general statements about the adequacy of the defence forces of Canada—statements which are not borne out by the facts. He opened his address with a statement or an article appearing in the press in Toronto which was obviously inspired by the department. He took objection to the statement contained in that article. We have all had similar experiences concerning inspired articles in the press with regard to what the government is doing. The words to which the minister took exception are the following:

> Backed by R.C.A.F. jet fighter squadrons and the army's mobile striking force, they constitute a military force that experts say is capable of dealing with any Arctic invader.
>
> Military authorities, guided by long years of experience, believe that control of the air is vital to any successful land attack on this continent.
>
> With a fast striking air force to guard the northern skies, the mobile army striking force to deal with a surprise airborne invasion, and a fast-growing navy to patrol the coastal waters, Canada's home defences against attack are stronger today than ever before in peacetime.

Those words, Mr. Chairman, were found in a Toronto newspaper article on January 12, and they are words obviously inspired by the Department of National Defence.

Mr. Claxton: What evidence has the hon. member of that?

Mr. Fulton: I have the evidence of other similar articles.

Mr. Claxton: That is no evidence at all.

Mr. Fulton: Perhaps the minister is indicating that the department does not agree with this statement in the article I just read.

Mr. Claxton: With what has just been said? That article goes much farther than the facts or than anything I have ever said.

Mr. Fulton: Then the minister is saying that those words which appear in the press article—

> With a fast striking air force to guard the northern skies, a mobile army striking force to deal with a surprise airborne invasion, and a fast-growing navy to patrol the coastal waters, Canada's home defences against attack are stronger today than ever before in peacetime.

—are not based upon anything the minister has said, and do I understand him to say that it goes much farther than the facts?

Mr. Claxton: I would have to sort it out. The final statement that the defence forces available are much greater than ever before in peacetime is completely true, but that vast striking—

Mr. Fulton: Fast, not vast.

Mr. Claxton: There is a fast one, but I thought you said vast. I am sorry, but I did not make the statement. I have made lots of statements and I stand by them, but I did not make that statement.

Mr. Fulton: I had not indicated that the minister made the statement, but I was saying we had experience with similar reports in the press which are said to be inspired by military experts or departmental officials. Then when we try to tie it down we cannot find the name of the expert who actually said it. I am glad to have the minister's statement. I will not go any farther than what he has actually said here. I understand now he says that this does not represent or is not based upon a statement made by the department, and that certain parts of the article go beyond anything which is justified by the facts or by any official statement made by the department.

Mr. Claxton: I said that having understood the hon. member as saying "vast". Now that I have the correct impression as "fast", I would have to look at the article and sort out what was in accordance with what I said before and what was not.

Mr. Fulton: Then we are left in the position that perhaps we had better wait until the minister deals with the matter at a later stage. On that basis, then, I should like to deal with a statement made by Wing Commander Rohmer to the effect that except for three Sabre squadrons under training to go to Europe under NATO, Canada could not put up a single modern aircraft. He said that Canada is absolutely defenseless against air attack, and after analysing the situation went on as follows:

> Gentlemen, the air officer commanding, air defence command of the R.C.A.F., through no fault of his own or that of the R.C.A.F., could not stop one Russian bomber attacking over 30,000 feet in broad daylight, unless it stumbled into the Quebec area.

From other parts of that speech it is obvious that the reason he said "unless it stumbled into the Quebec area" is that it is in the Quebec area that the three Sabre squadrons destined to form part of Canada's air division of the NATO forces in Europe are at the present time. If they were to leave tomorrow the situation would be, on the basis of this article, that even if it did stumble into the Quebec area the R.C.A.F. could not stop one Russian bomber attacking at over 30,000 feet in broad daylight. This is

the situation, Mr. Chairman, in spite of the statements which have been made in this house year after year as to Canada's defence program, the first branch of which is to provide for the adequate defence of Canada as part of the North American continent.

We find the same impression being created this year, that adequate attention is being given to home defence, by the statement on the first page of the white paper tabled yesterday. It reads:

> There has also been a substantial increase in the emphasis on the defence of North America against air attack.

On page 5 of the white paper we find this statement:

> In the event of an all-out war the most probable method of attack upon the North American continent would be by air.

This statement is under the heading, "First objective: Defence against direct attack." As I say, Mr. Chairman, similar statements have been made year after year in this house and in the course of the white papers, yet we find the situation such that if tomorrow the three Sabre squadrons forming part of the NATO component were dispatched overseas, we could not stop one Russian bomber attacking at over 30,000 feet in broad daylight. We have other statements which have been made to the house in an effort to reassure the country that everything is as well as it could possibly be in the best of all possible departments. There have been statements to the effect that the aircraft production program is going ahead as scheduled; yet as a result of pressing for details we have a statement made by the Minister of Defence Production—with obvious signs of annoyance that he should have been pressed into giving that accounting—with respect to the production of CF-100's, that after four years and the expenditure of $130 million only 16 airframes and 96 engines had been produced up to December 31, 1952. After four years and the expenditure of $130 million of government funds, that is the situation.

Then we find another statement being made which, if taken at face value, would give the impression that Canada has a squadron now equipped with CF-100's, capable of taking to the air. Of course the fact is that, although the squadron has now been activated, it is not yet in a position to take to the air and operate as a fighting unit. Here is what the white paper says, again at page 5:

> The first regular squadron equipped with CF-100 all-weather, twin-engine, jet fighters, was recently formed—

It is not much use forming a squadron unless it is in a position to fly and fight. I do not know why, in these white papers, the minister does not complete that side of the picture. We find that that sort of completed statement is never made. We are left with the indefinite and vague information that by the end of the fiscal year a number of these squadrons will be operating. But we have the information, which was made available finally by the Minister of Defence Production, that in the field of air defence with respect to the CF-100—which we have been told is the one aircraft on which we can rely to meet the requirements of defence of Canada's northland—after four years, the expenditure of $130 million, and vast numbers of promises, all we had received up to December 31, 1952 were 16 airframes and 96 engines.

Then we were told—and the minister spent some time this morning in entering this branch of his defence—that we have spent vast sums of money on defence. But I should think that fully half of the minister's lengthy statement this morning was devoted to an outline of the purchase of objects and of installations which would not in fact stop one Russian from attacking Canada. Neither the Russians nor any other enemy would be deterred by any amount of defence building or construction of the sort which the minister was taking obvious pride in outlining to us this morning. We are not going to stop the Russians by building barracks or indeed by building airfields unless we have the aircraft to operate from those airfields. We are not going to stop them by building barracks to accommodate the soldiers who form part of the airborne brigade unless we also have the aircraft to lift that brigade and the places to set them down in the areas in which it is anticipated that the Russians may be making their first landing.

The building of barracks and training grounds is not going to be the thing which will stop a Russian attack. What will stop a Russian attack will be a trained and equipped group which is not only ready with its own weapons but is capable of being moved to the places where the attack is anticipated. So far as one can find from the white paper or from the minister's statement this morning, we do not have that airborne brigade in being in that sense, even at the end of two-thirds of the $5 billion, three-year defence program. But we have vain statements—that is to say vain in the sense that they are not going to help us to repel a potential attacker—as to the amounts that we have been spending on construction.

We were told by the minister this morning that the construction program calls for $358 million this year. Then we were told—and it was said in a manner which indicated pride and satisfaction on the part of the minister—

that this amount was more than twice that expended during the peak of wartime construction. That is a most extraordinary thing for the minister to take pride in, Mr. Chairman. In wartime, in the last war, we had approximately 1 million men under arms. Yet this year, although we have only 104,000 in the three forces, or only about one-ninth or one-eighth of what we had at the peak of the wartime, we are spending more than twice what we spent on construction in the peak wartime year.

This fact that we are spending on construction more than twice what was spent in the peak war year is put forward as an important aspect of the defence program, as though somehow or another it was going to deter a potential aggressor. I should think that, on the contrary, a potential aggressor, if he had any aggressive intent, would be encouraged to think that the government of Canada in this year, with about one-ninth of the number of men in uniform that it had in the war, was spending with respect to the forces over twice as much on construction as it spent in the peak war year, instead of getting on with the job or providing them with the necessary arms, equipment and aircraft to enable them to do the job for which they were designed.

Then the minister appeared to take pride in putting forward as a defence of the defence effort the fact that the department, on this type of construction or on the acquisition of this type of installation, has spent more than twice as much—and done so in one-tenth the time—as the Canadian National Railways has spent in the whole course of its existence. What an extraordinary and perfectly meaningless argument to put forward as a defence of the way in which the government is discharging its responsibility to provide for the defence of Canada against aggression. All one can say there, Mr. Chairman, is that perhaps the country has rather more to show from what the Canadian National Railways has spent, even though it may have taken ten times as long to spend it, than we shall have as a real contribution to defence from the type of things in this field for which the government is spending these vast sums of money.

Then the minister seemed to take much pleasure out of the fact that somewhere in the neighbourhood of $2 billion out of a total of $5 billion was to be spent on construction—I think he used the general word "construction"—or under the heading of construction. Was that not approximately the figure he used this morning?

Mr. Claxton: No. Speaking from memory I think the figure on construction was $665 million. I think the $2 billion was for equipment.

Mr. Fulton: The minister says $665 million will be spent on construction. That will be approximately one-eighth of the total of $5 billion to be spent on defence in this three-year period. That fact seemed to give the minister a good deal of satisfaction and to be regarded by him as an argument that the government must be discharging adequately its responsibility in this field of providing defence because it was going to spend on construction one-eighth of the total cost of the defence effort. Mr. Chairman, you would almost think that Canada, during the war of 1939-45, made no more contribution to the war effort than a country the size of, let us say, Luxembourg. You would almost think we did not have any accommodation at all in which to train, equip, marshal and house our army, navy and air force during the 1939-45 war. Certainly when you come to look at the amounts that we are spending now you would think the government of that period of 1939-45 had not provided any sort of armed forces and that Canada's defence effort had been almost completely negligible.

Now when we have armed forces of just about one-tenth of what we had in the peak of the war years, we are spending as though we had had practically no accommodation for the really enormous armed forces which we put into the field during those years. I think one is entitled to ask what has happened to all those buildings which were constructed during the last war. Some of the information we now get as to how they have been disposed of and as to the prices which have been received is really disturbing when you compare those figures with the cost of the present construction program.

From returns which were brought down this session I have taken four illustrations. I know that buildings are subject to deterioration but I suggest, Mr. Chairman, that these figures raise in our minds serious questions as to whether this money is being spent wisely or well. As to the four buildings here in Ottawa at the corner of Elgin and Argyle streets which were built at a total cost of $95,600, with fixtures worth $12,417 or a total of $108,017, those four buildings and all fixtures and equipment were sold for $10,000. There were two buildings at St. Hubert in Quebec which were built at a cost of $50,724.18 and sold a year or two ago for $5,600. There were three buildings at the same place built at a cost to the taxpayers of $99,386.35 and sold for $6,000.

The Chairman: Order. Are not these figures the object of examination by the special committee on defence expenditures?

Mr. Fulton: No, not these figures. None of these has been made the subject of inquiry by that committee; and so far as I know the agenda of the committee does not indicate that they are to be examined.

Mr. Claxton: What have they to do with defence?

Mr. Fulton: It is surprising to me that the minister will suggest they have nothing to do with defence, when he devoted such a relatively large part of his address this morning to a boastful revelation of the amount we were spending on defence construction, as a part of Canada's defence effort.

Then there were two other buildings in Montreal purchased as recently as 1948 for $29,000 and sold a year ago for $5,750. Those are examples of the way in which we have been disposing of buildings, which were built at heavy expense and sold for relatively small sums, and which would provide accommodation for our forces. In the case of the two buildings in Montreal we see that they were sold only three and a half years later for a fifth of the amount paid for them. Yet at the same time we are devoting hundreds of millions of dollars to constructing accommodation for the forces which have been raised as a result of the present program.

So I do not think the country can take much comfort from the fact that these huge sums are being spent on construction. Particularly is it true that the country cannot take comfort in the sense the minister would have the matter understood, namely that the construction of this accommodation is in some way or another a material contribution to the deterrent we are trying to build up against possible attack by the only potential aggressor that could attack Canada—that is, the Russians.

Then there are other features of the defence program, and the administration and handling of that program by the department, which give great concern to the people of Canada, and which it is our duty to bring up in the house with a view to obtaining an explanation. The hon. member for Calgary East (Mr. Harkness) referred only a few moments ago to the tendency toward empire building that seems to be going on in the defence department. He has given us some examples, and made particular reference to an increase in staff which appears to be entirely unjustified by the volume of work being done. I was particularly impressed by the increase in staff in the deputy minister's office. There may be some good explanation for these figures, but certainly I have not been able to think of it. I shall put the figures before the minister, and perhaps he will give us an explanation as to why these numbers should be on the staff now, as compared with the smaller numbers there during the war.

I have here a two-page return tabled in the house. It involves only one department, namely the Department of National Defence, and contains a question relating exclusively to the administration of the deputy minister's office here in Ottawa. This question stood on the order paper for quite some time, for at least a week or two, and finally, one day, it was answered. However, on the day it was answered it was made an order for return, as a result of which, of course, the answer did not appear in *Hansard*. I imagine that fact would probably give some comfort to the department, because the figures set out in the return are not particularly creditable to it.

This return was brought down on Monday, March 30, and it states that the total number at that time on the staff of the deputy minister of national defence was 114, whereas, during the war, as at March 31, 1944, the total number on the staff of the three deputy ministers for navy, army and air force was 98; as at March 31, 1945 it was 93 and as at March 31, 1946 it was 77.

To understand the significance of these figures we have only to mention the fact that in 1953 the department is administering a fighting force totalling 104,000, and for that task the staff of the deputy minister numbers 114; whereas in 1944 and 1945 they were administering fighting services totalling approximately 900,000, and for that purpose required staffs of only 98 and 93 respectively. In 1946, although demobilization had already commenced, there was still a substantial number of men in the forces over and above the number there now. In addition at that time they were faced with the extra problem of demobilization. Yet in that year they were able to handle the work with a staff of 77 in the deputy minister's office.

In addition to that, there seems to be an unwarranted mushrooming of personnel, in comparison with the size of the armed forces, and particularly as compared with the numbers on strength during the war years. There now seems to be a tendency to resist giving full and complete information as to what is going on in the department, and what has been said about it by experts and others who have been appointed to examine into the affairs of the Department of National Defence.

We have seen examples in the house recently. We remember the refusal to give us copies of reports, and statements made with respect to those reports which have created a wrong impression. I would refer particularly to a report made by a member of the civil service commission on the activities in the establishment of the army works services, about which I attempted to get information on several occasions. Although it is known that a report does exist—and of course its existence is now established by authority of the statement by the Prime Minister—the house has not yet been taken into the confidence of the government; and thus far the government has refused to give us any other information as to what is in the report, or the circumstances under which it was compiled.

The other day I asked the Minister of National Defence if he would now table the full text of the report. His reluctance to give any information on the report, one which obviously is embarrassing to the government, is in strong contrast to some of his earlier statements as to the duties of governments and governmental bodies to give information, and as to the conclusions to be drawn when those bodies refuse to give information and let the people know the facts.

I had hoped the minister might show a great deal of frankness, and a readiness to co-operate with the house in this respect, in the light of a statement he is reported to have made at a meeting of the graduates of McGill University, and others held at South Porcupine, Ontario, on Saturday, March 6, 1948. I have here a mimeographed copy of the text, and the minister is on record as having said this at that time:

> Communists cannot face facts. That is the reason why the communists will not allow us to go into their countries to see and report what is happening there, or tell their people the truth about what is happening here. They just cannot stand the comparison.

I regret very much that the minister who holds those views, views which are obviously correct, should not apply them in the case of his own department and welcome us into the department to see and report upon what is happening there. I hope it is not because he feels that the department could not stand comparison. It is unfortunate that statements were made in the house in connection with this particular report in reply to efforts we were making to get it, which certainly created a wrong impression. A statement was made by the Associate Minister of National Defence on March 4, as reported on page 2608 of *Hansard*:

> I might add, Mr. Speaker, that if the hon. member is looking for an alleged report to which he referred in the defence expenditures committee on February 26 and which was the subject of an article by Mr. Blakely in the Montreal *Gazette* of February 27—in which article Mr. Blakely purported to quote from such report—I would inform the house that no such report was ever made to or received by the Department of National Defence at any time.

Mr. Dickey: Do you question that?

Mr. Fulton: I do not know why the parliamentary assistant to the Minister of Defence Production should be so anxious to intrude into the affairs of another department. If the hon. gentleman will just give me time to complete my statement I will let him know what I have in mind.

Mr. Dickey: Do you question it?

An hon. Member: If anything.

Mr. Fulton: The parliamentary assistant to the Minister of Defence Production has made certain statements in connection with this report and the activities of those of us who are trying to get it which themselves do not stand up too well to analysis. I suggest that he refrain from interrupting other people, and I shall tell him about the statement made by the Associate Minister of National Defence. It was stated by the Prime Minister in the house on a later occasion that this report was not a report made to the Department of National Defence. In that respect, but only in that limited respect, the actual words used by the Associate Minister of National Defence are accurate.

Mr. Claxton: That is completely accurate.

Mr. Fulton: The report was not made to or received by the Department of National Defence.

Mr. Dickey: Completely accurate.

Mr. Graydon: Do not be so agitated over there.

Mr. Fulton: It is obvious that the hon. member for Halifax and the Minister of National Defence know that words can be used in a way which, although they are completely accurate, as they are now so loudly proclaiming in a rather parrot-like fashion, can convey a wrong impression. I am informed, and I hope the minister will correct me if I am wrong, that the existence of this report very shortly after it became a subject of controversy, particularly after it was quoted in the Montreal *Gazette*, was known to senior officials in his department, one of whom, after thinking carefully about the matter, found that he was familiar with those words and that he was able to trace back where they came from.

Mr. Claxton: The hon. member is making a statement that has no foundation in fact and which I think is offensive in that it

reflects on the Associate Minister of National Defence. If it does not do that, then I do not see the point of his making it.

Some hon. Members: Oh, oh.

Mr. Fulton: The ministers of the government unfortunately are all too prone to consider criticism as reflecting on somebody and being offensive. If that is the way they react to criticism, that is not something over which we have any control.

Mr. Claxton: That is the way we react to misrepresentation.

Mr. Fulton: It is not misrepresentation. The minister has been pressed to give us the facts with respect to this matter, and there has been extreme reluctance on the part of the government to do so. Apparently the whole matter is very embarrassing to the government.

Mr. Claxton: The facts have been given.

Mr. Dickey: The facts have been given.

Mr. Fulton: A report of this kind, containing the statements that it does, is obviously not a report which would go unnoticed by the government or by those to whom it was made, particularly when extracts from it are published in the press. It seems hardly possible to assume that the government and the departments concerned would not be making most strenuous efforts to find out just what the report said, whether there was such a report and where it was. Yet we have the situation that on March 16, some 18 days later, when the report was again referred to in the house at approximately three o'clock, the Prime Minister makes a statement to the effect that there was no such report from which the extracts quoted in the Montreal *Gazette* could be taken.

The Deputy Chairman: I am sorry to interrupt the hon. gentleman, but I am obliged to advise him that his time has expired.

Mr. Fulton: I am under the impression that in committee the 40-minute rule is not one which it is possible to enforce inasmuch as members are entitled to speak on a number of occasions. I have had a number of interruptions. If it is your ruling that I should not complete this at the moment I shall resume my seat, but I will have to exercise the opportunity to complete my remarks at a later stage.

The Deputy Chairman: I am entirely in the hands of the committee. Has the hon. member leave to proceed?

An hon. Member: Carry on.

Some hon. Members: Agreed.

[Mr. Claxton.]

Mr. Fulton: With respect, I put it to you that it is not a matter of proceeding by leave, it is a matter of the right to proceed according to the rules of the committee.

Some hon. Members: Order.

Mr. Fulton: Since it is obvious that this matter is objectionable, and understandingly so, to certain hon. members opposite I do not wish to be in the position of proceeding by leave. I shall proceed at a later stage when I shall be perfectly within the rules in doing so.

Mr. Dickey: Mr. Chairman, I do not propose at the moment to deal with the subject with which the hon. member for Kamloops was dealing just as he sat down, as apparently he intends to continue his remarks in connection with that matter and it can be dealt with fully when he has completed what he has to say.

I should like to deal briefly with another part of his speech this afternoon, the disposal of surplus buildings. As I understood the hon. gentleman, he was attempting to make some point that surplus temporary wartime construction was being disposed of at the present time under conditions that would indicate no justification for some or all of the present construction program being carried on to meet the present needs of the Department of National Defence.

The hon. member has placed a number of questions on the order paper in connection with the disposal of surplus buildings. It has been quite obvious from those questions that he has been interested in the disposal of wartime surplus buildings of a temporary nature, and that he has been interested particularly in the items in the annual report of Crown Assets Disposal Corporation which indicate that some buildings have been disposed of at fairly small amounts in comparison with the original cost.

The first point I should like to make is that the requirements of the Department of National Defence for construction at the present time obviously do not necessarily bear any relation to the requirements that the department faced under wartime conditions between 1939 and 1945. The requirements of our defence services have changed in the interim, and the whole program at the present time is a very different one. The construction program during the war was almost 100 per cent of a temporary nature, and I think nobody will deny that to make wartime construction of a temporary nature was obviously the proper and economical thing to do.

The second point is that at the present time there are certain requirements that can

be observed and recognized to be permanent. The fact is that prior to 1939 there was practically no permanent construction for the defence forces in Canada that had not been done by the British before they gave up their military responsibilities in this country. We therefore, in starting our defence program in 1950, were faced with very large requirements for permanent construction, and wartime temporary construction could not meet that need. Wartime temporary construction is continuing to be used wherever it can be used. It is being used in its present state in certain cases. In other cases, where circumstances require it, it is being made into a more permanent type of construction by means of the installation of foundations and things of that kind. In every instance where wartime accommodation can be used it is being employed, but in certain cases we are having to go into permanent construction for purposes of economy.

I think it is recognized throughout the construction industry and in every phase of Canadian life that when you have a long-term permanent requirement the cheapest and most satisfactory way to meet it is with a permanent, solid type of construction that does not carry with it the maintenance and ever-recurring costs that must be met with in less permanent types of constructions. So much for the suggestion in the hon. member's speech that for some strange reason we were not taking advantage of wartime temporary construction to the extent that we should.

Let us look for a moment at the question of the disposal of surplus buildings and what we get for them. It must be obvious to all hon. members that the value we get from construction is not to be judged by what the building will bring when its utility for the purpose for which it was intended has come to an end. The fact is that wartime construction served us extremely well and we got full value for the money spent on such construction from 1939 right up to 1946, 1947 and 1948 when our requirements for such buildings came to an end.

One example of the four given by the hon. member for Kamloops was the C.W.A.C. barracks at the corner of Elgin and Argyle streets, known as Argyle barracks. These barracks were built early in the war when the C.W.A.C. was first organized. They were used continuously while they were required for that branch of the army service and gave excellent value and good accommodation for the estimable young ladies who served in the C.W.A.C. in Ottawa during those years. When the C.W.A.C. was disbanded I understand the buildings were used for certain temporary requirements, and then those requirements in turn came to an end. The problem was very simple. We either keep those buildings under crown ownership and let them stand empty and become a total loss or we try to sell them.

In a number of instances where there was a civilian use for wartime construction, the prices secured for the buildings were very reasonable and gave quite a nice return to the crown for the original investment. But in many cases, and the Argyle barracks was one of them, there was no civilian use. In fact they were put up for sale and there were no takers except those who were prepared to buy the buildings for the material they could salvage from them, in other words, those who were prepared to pay scrap value for the buildings. The means whereby we ensured that we got the best possible value out of these buildings was to put them up for sale by public tender. If the hon. member for Kamloops thinks that in the circumstances these buildings were worth more than the amount that was paid for them, and which he quoted from the annual report of the Crown Assets Disposal Corporation, he was perfectly entitled to go out and buy them and pay the price that he thought they were worth.

An hon. Member: Himself.

Mr. Dickey: Himself, or anybody else who might have wanted them. The fact is that those assets were put up for sale by public tender. We got the greatest amount of money for them that they would bring, and the result is that the crown has not only got out of the buildings the value of their service during the time they were occupied for army purposes, but they have also got the highest amount possible to get from them for scrap value. If the hon. member thinks there is any validity in any criticism that he has based on the questions he has placed on the order paper and the kind of argument he has made today, I submit he is very much mistaken.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Gordon Churchill (Winnipeg South Centre): Mr. Chairman, I should like to join with others who have already spoken in this debate in expressing the appreciation we all feel for the men and women of our armed forces who are performing a great service to Canada at home and abroad in these uncertain times. They constitute the shield behind which all of us can shelter. A review of the

world situation at the present time indicates that we cannot afford to relax our efforts in any way to build up our defences, and I am quite sure that all sides of the house, and for that matter the people of Canada generally, are in agreement on pushing forward the program for defence.

We are entitled, of course, to criticize the details of that program, but generally I think the feeling is one of desire that Canada play her full part in world affairs and protect not only her own territories and shores, but contribute to the defence of the free nations throughout the world.

The situation in Korea at the present time, although offering some slight prospect of relaxation of tension, is far from a solution. The exchange of sick and wounded prisoners is about to take place, but I noticed in the press of yesterday that rather extensive attacks by land, sea and air have been prosecuted by the United Nations forces, that the enemy's attacks on various portions of the front have been repulsed, and that strife is going on quite close to the place which those who are arranging the exchange of prisoners have selected. I notice, too, that even at this time with the prospect of some settlement held out before us, Canadians are back in action, and that Canadian casualties are again growing. It is not a prospect that leads one to hold out any hope for relaxation of effort.

This morning when the minister was making his statement I listened attentively, hoping that he would cover fully the situation in Korea. After all, we are making there our major effort in terms of danger to lives. I thought that his mention—it was not a review—of the Canadian situation was inadequate. I had hoped that he would give us a review of the last year's operations in Korea and draw our attention to the performance of our Canadian troops there, and generally point out, for the benefit of all of us and for Canada, the contribution that is being made by our forces under these difficult conditions. I had hoped that he would indicate the composition of our forces there in detail; that he would tell us the measures that are being taken to provide protection for our personnel in the field and comment on the standard of training and efficiency, and generally give us a picture of the war that is being waged in Korea.

I had hoped that he might say something about the use, if use is being made, of the Republic of Korea troops with our Canadian forces, as has been reported in the press. I had hoped that he would say something about the equipment of our men in the field and

[Mr. Churchill.]

the advantages, if any, of the type of protective clothing that has been developed for men serving in the line. I had expected that he would say something about the casualties suffered by our forces in Korea; but the mention of our casualties was confined to one brief sentence. As I recall the minister's remarks, he pointed out that 20,000 Canadians have participated in the engagements in Korea, and the rotation of units has taken place during the last two years. Then he said that of that number, 1,300 had been wounded. I think he intended to say that there had been 1,300 casualties.

I feel that more attention should have been paid to that particular aspect of the situation. As I say, it is our major effort from the standpoint of danger. Other efforts that we are making within Canada and abroad are vitally important; but nevertheless this does constitute the danger point of Canada's experience in warfare.

The casualty lists should be drawn to the attention of the House of Commons from time to time; we should not be dependent on the statements that appear in the newspapers. I notice that in today's paper the 171st casualty list was published, showing a total of 1,301 casualties under the headings of killed, 248; wounded, 939; missing, 26; injured, 87; prisoner, 1. That figure does not correspond with the return that was given to me and which appears in *Hansard* of February 9 of this year at page 1730, in response to my question. The answer that appears there says the total casualties to January 31 amounted to 1,335. I wonder why the difference, and whether there is not some explanation the department might give with regard to that. We should have accurate figures on the casualties occurring in Korea.

This is a heavy casualty list in 24 months of fighting. As I have pointed out before, the casualties have been suffered very largely by the 1,800 front-line troops of the infantry battalions, and a casualty list of 1,300 out of 1,800 men who appeared actively in the forward positions is heavy indeed.

From time to time I have been endeavouring to get information on another problem, namely that of ammunition. I notice that the minister's statement today with regard to ammunition was contained in one sentence. He was speaking about equipment and said something about the fact that we would meet our commitments with regard to guns, and then added that the same thing applies to ammunition. It would be advantageous, I think, if a complete report on the ammunition situation were available to the House of Commons.

On November 25 I asked a question of the minister concerning this matter, and on that occasion I was given a reply which is reported on page 63 of *Hansard* for that date. I should like to read two sentences from it, which are as follows:

But in this case our ammunition is supplied from United States sources. We are on the United States supply line and get precisely the same treatment as the Americans get.

On December 5 the matter came up again, as the minister thought it necessary to rise at the opening of the house and make a statement in view of some remarks I had made earlier. On page 365 of *Hansard* for December 5, 1952, he had this to say with regard to ammunition:

So far as ammunition is concerned, the position in Korea is precisely as I outlined it the other day. Canadian troops have never been subjected to unnecessary casualties by any shortage of ammunition, nor are they in the least likely to be exposed in such a manner.

On March 9 I again returned to this problem because of the reports in the press throughout November, December, January and February concerning the shortage of ammunition in Korea. On that date I questioned the Associate Minister of National Defence, and his reply is reported on page 2736 of *Hansard* for that date. He said:

—there is no shortage of ammunition in respect of actual operations.

Then when I asked if the minister was aware of the declaration of General Van Fleet concerning the ammunition shortage in Korea, he replied again as follows:

I have no intention of commenting on any dispatches or any statements with reference to the ammunition supply of other nations.

I suggest, Mr. Chairman, that if the Minister of National Defence informs the House of Commons that we are on the supply line of the United States, then it is quite competent for members of the house to ask questions if that supply line seems to have failed in any respect, and we are entitled to answers with regard to that problem. It is not an answer to say that the problem of some other nation with regard to ammunition is not a matter for discussion in this house. If we are dependent upon the United States supply line for ammunition, then we are entitled to know what ammunition is being supplied to our forces, and that was the basis of my query.

Quite a bit of information concerning the ammunition shortage in Korea has come to light since the return of General Van Fleet from that theatre of operation. He was in command of the United Nations army there for two years, and under his command were the Canadians. In *U.S. News and World Report* for April 3 there is a lengthy verbatim report of the questions asked of General Van Fleet and the answers he gave concerning the situation in Korea and the alleged shortage of ammunition. General Van Fleet declared time and again during the course of that inquiry that there was a shortage of ammunition during the time he was in command in Korea, and that from time to time he had to issue orders restricting the use of ammunition. I am asking the minister to give to the House of Commons a complete report, some time during the discussion of his estimates, with regard to ammunition. Are our forces in Korea on the United States supply line for ammunition, or are they on a British supply line?

Information has reached me to the effect that a great portion of the ammunition supplied to our artillery in Korea has come from Canadian sources. Why can we not have that information, if that is correct? I have heard that during 1952 a very large quantity of ammunition was shipped from Canada to Korea. Why can we not have that information here? Let us have the facts. I am speaking of shells for the artillery. I notice that in General Van Fleet's discussion of the problem, mortar shells were often in short supply, as were grenades. The infantry soldier is dependent upon the supporting fire of mortars, and his use of grenades when he is in a difficult position under enemy attack. If the artillery is unable to supply the defensive fire which is required to repel an enemy attack, the infantry unit is dependent wholly upon its own supporting weapons, its mortars, its machine guns and the grenades in the hands of the individual soldier.

A little earlier I referred to the fact that the minister, in replying to me some time ago, had said that no Canadian troops had ever been subjected to unnecessary casualties due to a shortage of ammunition. It depends, of course, on how you view the situation. A somewhat similar question was asked of General Van Fleet by Senator Saltonstall, and the report is contained in *U.S. News and World Report* for April 3, at page 83. The questions and answers are as follows:

—were lives lost because we failed to send enough ammunition or was it that you just could not advance?

General Van Fleet replied:

The lack of ammunition means that you do not shoot as much as you wish, that you do not shoot at all the targets of opportunity; that when the enemy is firing at you, you do not fire a sufficient amount to silence his fire, counter-battery; that you do not maintain fire superiority on the battlefield because you cannot shoot enough that you would like to shoot, and all our regimental, all our battalion commanders, division, corps, and myself

would like to shoot more, and the more you shoot, the more enemy you kill, and the more American lives you save; that is just axiomatic.

I think any person who has served actively is well aware of that fact. If the artillery has an insufficient quantity of shells they cannot undertake counter-battery work, and counter-battery work is most effective in protecting your own troops from enemy fire. You may argue, and statements appear in the press, that there has been a sufficient quantity of ammunition in Korea for, as it is put in military terms, the mission given to the troops. But I say this. If the mission assigned to the troops is simply to sit in their trenches and take it because there is not sufficient ammunition to deter the enemy from firing their artillery at these troops, then that is not a very satisfactory mission on which to be engaged. It is far better to put in the hands of those troops the arms and ammunition that is required so they can dominate the field.

General Van Fleet reports that the enemy have doubled the number of guns on their front now as compared with the guns of the United Nations army. He reports that they may not have as much ammunition as has our side, nevertheless it is a fairly serious situation. He reports that it has resolved itself into an artillery war, and that greater emphasis is placed upon artillery than on any other branch of the service. It follows therefore that ammunition must be supplied for that type of conflict. He similarly treats of shortages that developed with regard to hand grenades and mortars. Just to indicate his awareness of the situation, at page 84 he says:

> Because of that small supply or critical—below the critical level—by the end of December, I had practically prohibited anyone using 81-mm. ammunition except in extreme emergency.

That is evidence from the army commander that there was a shortage of some types of ammunition. In another place, at page 89, in answer to a question as to whether the method of operation at the front was dictated by the control of ammunition, General Van Fleet said:

> It naturally influences everything we do along the front; the less ammunition you have, the less pressure you put on an enemy.

I am wondering what is the situation today with regard to our forces in Korea. They have just re-entered the line. A press dispatch from there says they have to regain control of no man's land and again gain domination of the battlefield area. Have they the arms and the ammunition with which to do that, or must they sacrifice lives? Must we have a lengthening casualty list because men have to go out and patrol under those conditions without adequate fire support? That is the type of information we want and should have, I think, with regard to our forces which are serving actively in the field.

The problem of ammunition does not stop at that point. A press dispatch appearing in the Ottawa *Citizen* of March 18, 1953, coming from the Associated Press at Paris and referring to the meeting of the foreign ministers of the NATO nations who are to gather together on April 23, says this:

> The critical shortage in all categories of ammunition will be the biggest headache facing the foreign ministers of the fourteen NATO nations when they gather in Paris April 23 for their second meeting in four months.

So perhaps we are facing an ammunition shortage in Europe as well as elsewhere. What is the ammunition situation right here in Canada?

The third matter with which I intend to deal, Mr. Chairman, is the balance of forces within the Canadian army. We have had put before us a great defence program for the defence of this country and for our commitments elsewhere. We have had painted for us a picture of developments in a great many fields of activities in the three services. I propose to deal now only with the Canadian army.

I think that in the last three years we have achieved within the Canadian army an unbalance of forces which is serious. In the Canadian army there are four main fighting groups, namely the infantry corps, the artillery, the engineers and the armoured corps assisted by the various services whose work is essential and is always conducted in an able manner. But the four fighting groups are those that I have mentioned.

What has happened owing to the policy that has been laid down by the minister? I am dealing now with high policy which rests right with the minister himself. As a result of the program, we have an infantry brigade in Korea and an infantry brigade in Europe. The second rotation now taking place in Korea provides that by this year three brigades of infantry will have gone through a baptism of fire under war conditions in Korea. The other brigade will have completed intensive training in Europe. All told, it means that four brigades of infantry will have received some form of intensive training or of actual active service.

In the artillery we have a regiment in Korea and a regiment in Europe. Rotation of the regiments, I presume, will result by this summer in four regiments of artillery receiving intensive or active service training and experience. I suppose a similar situation prevails with regard to the engineers, although their services may not have been called upon to a great extent; I am not aware of that.

Nevertheless they are, I presume, through rotation, getting a somewhat similar experience.

Let us consider the armoured corps, with one squadron in Korea and one squadron in Europe. By rotation not more than four squadrons have been exercised either in intensive training in Europe or under active service conditions in Korea.

What are the training results that come from a program of this nature? Let us consider the situation. Approximately four infantry brigades have been trained. Four brigadiers have received training. Twelve infantry commanders, lieutenant colonels, have received intensive training. Twelve majors, second in command of battalions, have been trained in an active theatre. Forty-eight majors, company commanders, have been trained actively. The infantry corps of the Canadian army must be at an extremely high state of trained efficiency, and I think that is all to the good.

But what about the armoured corps? It has become the Cinderella of the Canadian army. Not one lieutenant colonel has received training in an active theatre of war or intensively in Europe. He has no command. What training is there for a major in command of a squadron in Korea or in Europe? The white paper informs us that in Europe the infantry units are formed into three regimental combat battalions supported by tanks. It means that the tanks of the squadron there are farmed out to the infantry regiments. How does the major in command of that squadron ever exercise his squadron as a whole? I presume the same thing applies in Korea.

The importance of this matter becomes evident when you consider what is being brought about. Not only is it important that the junior officers, N.C.O.'s and men be thoroughly trained under active service conditions but it is even more important that the senior officers receive adequate training. That is being done in the infantry corps and, as time passes, from those trained senior officers in the infantry corps will be drawn the brigadiers and major generals of the Canadian army of the future. The artillery and the engineers may supply their quota of senior officers. But what opportunity is there in the armoured corps for advancement of any officer? There is no expansion of the armoured corps, and there is no opportunity for lieutenant colonels or brigadiers to be trained.

As time goes on we will find that the higher positions within the Canadian army are going to be filled by men who are unfamiliar with the armoured corps. I maintain that there is a clear lack of balance in the training program of the Canadian army. What a difference there is between the situation now and the situation as it was at the time of the second great war. We had overseas three infantry divisions, two armoured divisions, two army tank brigades, three armoured reconnaissance regiments, two armoured car regiments and other armoured units. In summary, the Canadian army overseas was about half drawn from the infantry corps and half from the armoured corps. And that, I think, is a reasonable division of responsibility within a modern army.

At the present time the Canadian army is overweighted in infantry. The armoured corps is neglected. Compare the British army of today. They have eleven divisions undergoing training and performing services in various parts of the world. At least three of those divisions are armoured, and they are serving in Europe at the present time. They have maintained an armoured regiment with the commonwealth division in Korea, and have rotated. From the Royal Tank Regiment they have armoured units attached to the various infantry divisions, and they are maintaining a balance between their infantry forces and their armoured forces.

I suggest that the opportunity is now and for some considerable time has been in the hands of the minister. This is the plan I suggest to him, to maintain a proper balance: an infantry brigade in Canada; an infantry brigade in Korea; an armoured brigade in Canada and an armoured brigade in Europe. This would provide for the necessary rotation and replacements.

What could be done immediately? It would be reasonable to dispatch to Korea an armoured regiment. Send the Lord Strathcona's Horse or the Royal Canadian Dragoons to the commonwealth division, and replace the British armoured regiment that is there. Or make plans for the dispatch to Europe of an armoured brigade to replace the infantry brigade now in that area. By that means a balance in our army would be maintained, and the training of our officers would be performed as it should be performed.

There is nothing more disturbing in warfare than to have a senior officer in charge of formations of which he has had little experience. Hon. members will recall that we went into the war of 1939-45 totally unprepared for armoured warfare. We had ignored the exploratory work that had been done by the British. We had ignored completely the efficient build-up of armour that had been conducted by the Germans; and we were caught totally unprepared. It was an extremely difficult matter for Canada to raise,

equip and train armoured formations. Fortunately we had several years in which to do it. We may not have that time available on another occasion, and I suggest that we should profit by the lessons of the past, and put our emphasis on these two major formations within the Canadian army, namely our trained infantry and our trained armour.

What is our final objective? Surely the lesson of the second great war is this, that if you are going to fight effectively you must have armoured formations. The white paper indicates that plans are afoot for the provision of a large training area in New Brunswick, where it will be possible to train formations of divisional strength. Are we to do that just on the basis of an infantry division? Surely not in this age. Armoured divisions, mobile forces, are what are required. And that is why I suggest we are missing a great opportunity at this time. It is unfortunate that we are involved in a war in Korea, and that heavy casualties have to be suffered there; but the opportunity is there to train men under active service conditions. It is unfortunate that we have to station men in Europe; but that provides an opportunity to give intensive and useful training to large formations.

Surely we must attempt to re-establish the balance in the Canadian army that we had during the second great war, and put proper emphasis upon the use of armour. In fact I have advocated in the house before this, and will continue to advocate in the future, that still greater emphasis should be placed upon a mobile armoured force. This has also been brought to the attention of the house by the hon. member for Nanaimo (Mr. Pearkes) and by others on more than one occasion. The mobility of an infantry division in conjunction with an armoured division can be greatly increased if that infantry component is provided with the proper type of armoured tracked vehicles to keep up with the armoured force. There is a great future for a mobile armoured force of that nature; and I think Canada most certainly should be in the forefront of progress along that line.

I shall not deal with other problems connected with the balance of forces within the Canadian army, but will be content to leave the matter there. I repeat that the Royal Canadian Armoured Corps has become the Cinderella of the Canadian army, and something should be done immediately to bring it back to the position it should occupy. We must produce officers in the Canadian army not only for infantry formations, but also officers trained in the use of armour as well as artillery. We cannot do that unless we produce the means whereby they may gain that experience.

Some hon. Members: Time.

Some hon. Members: Go on.

Mr. Churchill: We are spending billions of dollars in providing camp installations of all kinds. We are stockpiling soft goods, as they are called. We are doing something with regard to arms and ammunition, but we have not the full story even yet. I hope we will get it. And all of this will be ineffective unless the highest efficiency is obtained in our military formations and in their training.

Canada's shield of defence is to be found in her young men of military age. They deserve the best type of weapons and the best type of training. Of vital importance is the complete training of the senior officers; and that training is not being provided with the present lack of balance of forces within the Canadian army.

Mr. G. A. Cruickshank (Fraser Valley): Mr. Chairman, I shall not take long with what I have to say. I wish to make it perfectly clear at the outset that I am not a military expert. Apparently we have an abundance of them across the way. However, they had gallant records during the war, so I will give them credit for being experts. And if I did not give them that credit, it is obvious from their speeches that they are claiming credit for it themselves.

I happen to have in my riding the best army camp in the Dominion of Canada. I am very proud of it; and in spite of all the disparaging remarks that have been made, it still has the best record in more ways than one, when compared not only with camps in Canada but camps throughout the British empire.

Mr. Hees: What about the world?

Mr. Cruickshank: I will include the world, if you like; and possibly for the simple reason that the hon. member for Nanaimo was one of those who gave material assistance to selecting the campsite. I have had a certain amount of experience in the army, augmented by the fact that I served in the battalion that best represented Canada in the army.

Mr. Hees: Or any other country. What about the world?

Mr. Cruickshank: I would include the world in that as well. It is doubtful if anyone would include the city of Toronto in the world.

Mr. Hees: It is away above it.

Mr. Cruickshank: What I really wanted to say was that we have the finest airport in

Canada in the riding of Fraser Valley. We spent $5,491,887.86—we keep very close track of it—on that airport. There are three all-steel hangars, and they are not those little jerkwater hangars like they have around Malton. They are capable of handling the largest plane manufactured in Canada or any other part of the world. We have accommodation for 88 officers and 1,152 men.

What I am saying is borne out by the press of British Columbia and by other people who may not be so well versed in military lore or other military matters as my hon. friends in the opposition. I repeat that we have the best airport in Canada. That is the opinion of qualified airmen who actually have flown planes, not men who were behind the lines reading books on military law and strategy. Those men knew what they were talking about. They have said that this is the best airport in Canada, and the press of Vancouver agree with that.

At the present time I am sorry to say that this airport is made use of only when planes carrying the Minister of National Defence, the Minister of Transport or the Minister of Defence Production cannot land at the fog-bound airport at Vancouver. The Abbotsford airport is fog-free at all times of the year. Even with all the accommodation I have mentioned we have only 65 men stationed there at the present time.

I am not trying to be critical. The people of my riding do not care how much money is spent on national defence, for they believe that the best way to prevent actual war is by working through the United Nations. I am sorry my friends in the far corner do not believe in the United Nations. We in the Fraser valley definitely do. I presume those in the far corner do not, because of their past utterances to the effect that they believe the United Nations is just a bunch of communists and socialists. I want that on the record.

We cannot understand why this airport only 20 miles from the heart of Vancouver as an aeroplane flies is not made use of. We are willing to submit to any taxation necessary to improve our defences. I urge the Minister of National Defence to make use of this airport. I am not doing this in a spirit of warmongering, but simply because this third largest city in Canada is situated on the most vulnerable spot of the Pacific coast if we are ever attacked. Under these circumstances surely an airport such as that should be made use of.

I want the minister to appreciate the facilities that are available there. I know he is aware that they are there, because I had the privilege of showing him through the stainless steel kitchen. I do not want it to rust for lack of use. I urge the Minister of National Defence, if not in the immediate future then certainly at some time soon, to give consideration to utilizing these airport facilities in the defence of the Pacific coast and the rest of Canada.

Mr. Fulton: Mr. Chairman, you will recall that just before six o'clock I was invited to continue certain remarks I was making at that time having to do with the suppression of a certain report dealing with the Department of National Defence. At that time the parliamentary assistant to the Minister of Defence Production entered the discussion and criticized what I had said with regard to the disposal by Crown Assets Disposal Corporation of certain buildings which were previously owned by the Department of National Defence and which had been declared surplus.

I am sure the hon. member will take this in good part, but in what he said he appeared to miss completely the point I was trying to make, which was not concerned exclusively or even very much with the small prices actually received by Crown Assets Disposal Corporation for these buildings but with the fact that at the very time the department was declaring surplus and disposing of buildings which apparently had been useful at one time for the purposes of defence, they were taxing the people of Canada to provide other buildings for accommodation purposes at enormous cost. It was not only the fact that these buildings were disposed of at sums not more than—

Mr. Claxton: Were those department of defence buildings?

Mr. Fulton: All but the one example I gave this afternoon were department of defence buildings.

Mr. Claxton: None of them were in Montreal.

Mr. Fulton: They were used for defence purposes, to house defence personnel, except in one case in Montreal. In that particular case the building was disposed of for about one-fifth of what it had cost, while the defence buildings were disposed of for only one-tenth of what they had cost.

One interesting thing about the remarks this afternoon by the parliamentary assistant to the Minister of Defence Production was the suggestion that since these buildings were disposed of by public tender, anyone who felt that the government was not getting the best possible prices—and particularly if I felt that the government was not getting the

best possible prices for them—I was free to go and bid on them and buy them in, I suppose for the purpose of selling them at a profit.

I realize that the government, this government particularly, is not too much concerned with the relationship between members of parliament, or indeed between members of the cabinet, and the government in connection with transactions involving profit when members of the cabinet or members of parliament are dealing with the government, as has been shown recently by the instance of the Minister of Mines and Technical Surveys who, in common with his colleagues in the cabinet, appears to feel that it is perfectly all right for ministers to have these direct financial dealings with the government. I suggest to the parliamentary assistant to the Minister of Defence Production that he consult the Senate and House of Commons Act which raises some serious doubts as to the propriety of members having dealings with the government or with government agencies of the sort which he suggests I might have if I questioned the amount which the government received.

While it might well be that hon. members opposite would welcome the fact that I was compelled to resign my seat, I assure them that I do not intend to give them any such ready-made method of getting me out of the House of Commons.

Mr. Dickey: Labour this a little more! It is laboured.

Mr. Fulton: It is a point which perhaps requires some labouring because the government seems to be extremely indifferent to the propriety of the sort of course suggested by the parliamentary assistant.

The thing I wanted to deal with specifically this evening was the report on certain establishments in the Department of National Defence which has come to light, although the government has refused to table the full text. As I pointed out before six o'clock, the Associate Minister of National Defence used words in connection with the matter which while accurate in themselves had the effect of creating an impression which did not accord with the facts. The associate minister was very careful to add the qualification that the report was never made to or received by the Department of National Defence at any time. I think he will agree with me when I say that he did use words which left the impression that his department and the government as a whole had no knowledge of that report.

Mr. Campney: Mr. Chairman, on a question of privilege, I made the statement attributed to me by the hon. member for Kamloops and I meant exactly what I said. I was speaking for the department which I then represented, and I do not think it is in order for the hon. member to read a further meaning into my words beyond the ordinary meaning of the words which I used and which I meant.

Mr. Fulton: The words the minister used are now on record in the course of this discussion. That, I point out, was on March 4, which would be five days after certain extracts from the report had been quoted in the press. These extracts, from which I shall quote shortly, raised very serious considerations as to the efficiency of the Department of National Defence. I doubt if either of the ministers would suggest, and certainly I would not suggest, that the government would be so completely indifferent to the implications or import of these passages that they would not be making fairly strenuous efforts to determine whether such a report was made, exactly where it was and the circumstances under which it was made. If it was discovered that there never had been such a report or memorandum or writing they would not have lost very much time in denying the existence of the report and in telling the house that there was no such writing in the possession of the government.

But not very long after that I had occasion to refer to this matter again in the house; that was on March 12. At that time I was challenged to produce the report, to which I replied that the government had the report and that I had asked them to produce it, and if they denied the accuracy of anything I was saying then I suggested they produce the records and prove that what I said was inaccurate. That challenge, I might say, was not taken up by the government.

Four days later, on March 16, these extracts which had appeared in the press, and the existence of the report, were again referred to. On that occasion the Prime Minister intervened and said, with reference to the earlier statement by the Associate Minister of National Defence, that the hon. gentleman had stated that there was no report of which these excerpts, referring to the excerpts that had appeared in the press, would be extracts. On the same date he also said there had been no indication of where these excerpts had come from.

This was on March 16, some 18 days after the appearance of these quotations in the press. I suggest to you sir that if the Prime Minister was able to state that there was no

report of which these excerpts would be excerpts, and was able to reinforce what the Associate Minister of National Defence had earlier said, that there were no such reports in the possession of the Department of National Defence, it is then very obvious that the government had been making pretty intensive inquiries to ascertain what were the true facts. As every hon. member will agree, and as I will be the first to maintain, when the Prime Minister makes a statement on a matter which is within his knowledge as prime minister and head of the nation, then that statement must be accepted and we accept the fact that it is a statement made on his responsibility as Prime Minister.

I doubt very much if it would be proper—certainly it would not be accepted by hon. gentlemen opposite—for us to suggest that the Prime Minister would make that statement without having been informed that pretty intensive inquiries had been made within the department and by the government as a whole. I think I should interject here that the report in question was a report made by an official of the civil service commission concerning establishments as the result of a request made by the Department of National Defence, and a report made as the result of a survey of the army works service and the establishment of that service, which was the object of the request by the Department of National Defence. The report was made and it was in the possession and under the control of the government, as the Prime Minister's subsequent statement revealed.

But it is important to realize that at three o'clock in the afternoon of March 16 the Prime Minister made a statement which threw very grave doubts upon the accuracy of an earlier statement that had been made from this side of the house concerning the report; and he made that statement some 18 days after the matter had first become a subject of controversy in the house and a subject of discussion in the press. I raise very seriously the question of whether the government knew anything more about that report at 3.30 on the afternoon of March 16 than they knew about it at 3 o'clock on the afternoon of March 16. Are we to suppose that after 18 days of intensive search and inquiry as to the existence of the report, as to its whereabouts and the circumstances under which it was made, the government was in complete ignorance at 3 o'clock and yet at 3.30 that same afternoon knew all about it? I suggest to you, sir, that that supposition does not stand up; but if that is the case, then I would expect and would welcome verification from the government that those were the circumstances.

But the facts again are that, although at 3 o'clock on March 16 the Prime Minister made the statement in which he indicated that he was informed that there was no report of which these excerpts would be excerpts, nevertheless at 3.30 he made an entirely different statement in which he placed on the record the fact that there was such a report, that it was made by an official of the civil service commission, that it was in the possession and under the control of the government and that its whereabouts were known to the government.

These circumstances would not call for the comment they do if there had not been another event which took place between 3 and 3.30 o'clock on the afternoon of March 16. After all, the Prime Minister is entitled to change his mind. It has happened before in connection with orders in council whose existence he assured the house he had not known about or had forgotten. Therefore we might be inclined to accept in good faith the statement that the government knew more about this report at 3.30 on March 16 than it knew at 3 o'clock were it not for this other very significant fact, that at about 3.10 p.m. on March 16 the afternoon edition of the Ottawa *Journal* appeared on the streets, and these afternoon editions are in the lobbies of the House of Commons at about 3.15. On this particular afternoon the afternoon edition of the Ottawa *Journal* was received in the House of Commons, and it carried a complete statement as to the circumstances of the making of the report which verified its existence.

Mr. Fournier (Maisonneuve-Rosemont): I am sorry to interrupt the hon. member, but I should like to know what we are talking about.

Mr. Harkness: If you will just listen you will find out.

Mr. Fournier (Maisonneuve-Rosemont): I have been listening for more than half an hour and I do not know yet what we are talking about.

The Deputy Chairman: Order.

Mr. Fulton: It also pointed out that the report had been delivered to the immediate senior of its author at the time and that the man who had been his senior at the time he made his investigation—

Mr. Fournier (Maisonneuve-Rosemont): Mr. Chairman, I am sorry to—

An hon. Member: Sit down.

Mr. Fournier (Maisonneuve-Rosemont): I rise on a point of order.

The Deputy Chairman: I must remind the hon. member that the member who has the floor may not be interrupted without his consent.

Mr. Fournier (Maisonneuve-Rosemont): May I point out to you, Mr. Chairman, that it is not my intention to interrupt the hon. gentleman. I merely want to know what we are talking about.

Mr. Fraser: Do you know what you are talking about?

Mr. Hees: He doesn't know.

Mr. Fulton: It was then fifteen—

Mr. Fournier (Maisonneuve-Rosemont): Mr. Chairman—

Mr. Hees: Go out and have a sleep.

Mr. Fulton: Mr. Chairman, I do not like to be unpleasant to any other hon. member—

Mr. Fournier (Maisonneuve-Rosemont): You are not unpleasant; you are the most pleasant fellow in the world, but I want to know what you are pleasant about.

The Deputy Chairman: Order. I must remind hon. members once more that the hon. gentleman who has the floor must not be interrupted without his consent.

Mr. Fournier (Maisonneuve-Rosemont): What is he talking about?

The Deputy Chairman: Order.

Mr. Fournier (Maisonneuve-Rosemont): Mr. Chairman, if you refuse to tell us what he is talking about perhaps the hon. gentleman is in a position to tell us what he is talking about.

Mr. Fulton: I do ask the hon. member, with all the good will in the world, to appreciate the fact that I have done my best to explain to hon. members what I am talking about and the seriousness of what I have to say. If the hon. member is unable to understand me at the moment I do urge him to read it in *Hansard* tomorrow, when I think he will grasp the full implications of it.

Mr. Fournier (Maisonneuve-Rosemont): Mr. Chairman—

Mr. Hees: Oh, sit down.

Mr. Fournier (Maisonneuve-Rosemont): The hon. gentleman has put a question to me, Mr. Chairman.

Mr. Fulton: In the circumstances I ask the hon. gentleman if he will do me a favour and let me continue without interruption.

Mr. Fournier (Maisonneuve-Rosemont): It is not a matter of favour.

Mr. Fulton: I am sure all hon. members will appreciate that.

[Mr. Fournier (Maisonneuve-Rosemont).]

Mr. Fournier (Maisonneuve-Rosemont): The hon. gentleman has already told us that we are supposed to understand what he is talking about, but the fact that we are supposed to understand, Mr. Chairman, does not mean that we do understand. Therefore the hon. gentleman is supposed to give us his ideas in such a way that everybody will understand and will not have to go to *Hansard* tomorrow.

Mr. Hees: You will feel better tomorrow.

The Deputy Chairman: Order. Once again may I please remind hon. members that the hon. member for Kamloops has the floor and may not be interrupted without his consent.

Mr. Fulton: I think the facts I have recounted to the committee so far are facts which raise implications, the answer to which is perfectly obvious and which it should not be necessary for me to emphasize on this occasion, except that I do want to make it perfectly clear that I question very seriously whether the government knew anything more about these circumstances at 3.30 o'clock on March 16 than it knew about them at 3 o'clock; and it is, I say, a very unfortunate and serious circumstance that it should be necessary for outside evidence to come in and make it clear beyond any peradventure of doubt that the facts are as we have alleged them, before the government admits in fact they are as we have alleged them.

I say to you, sir, that it should not be necessary, in connection with matters of this importance, dealing with the Department of National Defence, a subject so vital to the welfare of the country, for this sort of circumstance to develop before the government admits and places the house and the country in possession of all the facts; because, as I say to you, sir, when ministers make statements we on this side of the house and the country as a whole are bound to accept them as full and frank statements of all the facts in connection with the situation.

Mr. Fournier (Maisonneuve-Rosemont): Sure.

Mr. Fulton: And we like to do that; we want to do that.

Mr. Fournier (Maisonneuve-Rosemont): Do it.

Mr. Fulton: And we regret very much—

Mr. Fournier (Maisonneuve-Rosemont): No, no.

Mr. Fulton: —that at any time a question should arise as to whether the government does in fact take the house and the country into its confidence in connection with these matters.

Now, sir, the existence of this report has been established, and it raises very serious

questions not only with relation to the circumstances I have been describing and the matter of whether or not confidence should be placed in statements made by the government, but it also raises very serious questions as to the administration of the department itself.

The minister has told us on earlier occasions something to the effect that this is not a report; it is only a memorandum. It might be interesting for us to indulge in some speculation as to when a report is not a report. It is only a report, apparently, when its contents happen to suit the thinking of the government; but if it does not happen to suit their thinking, then apparently it gets put into a pigeonhole and is never taken out again unless it should come accidentally to the attention of other people against the desires of the government, when it is called not a report but a memorandum.

The fact is that this written document contains very serious criticisms of the Department of National Defence with respect to the army works service particularly. The other fact is that this report was made in September, 1949, and it reveals that the circumstances with regard to the activities of the army works service in September, 1949, were exactly the same as they were two and one-half years later, at the time Mr. Currie made his investigation. That being the case, the inescapable conclusion is that the government knew about these circumstances, or if they did not, they most certainly should have known; but they did nothing about them. They kept the matter under cover until the development of the irregularities at Petawawa became of such a serious nature that it was no longer possible to conceal from the people the true facts with respect to the administration of the department.

The reason I make that statement, Mr. Chairman, is that the report that I am referring to, the MacNab report, refers to a situation at Halifax which is in the same terms—

Mr. Fournier (Maisonneuve-Rosemont): I have a question to ask the hon. gentleman.

Mr. Fulton: —as those which were subsequently used by Mr. Currie in his report. Here is what the MacNab report had to say:

> The slowness of the tradesmen (at Halifax) is a standing joke—

Mr. Fournier (Maisonneuve-Rosemont): I rise on a point of order.

The Chairman: Order.

Mr. Fulton: I continue:

> The slowness of the tradesmen (at Halifax) is a standing joke in the garrison. As an example, I was shown a plywood partition about six feet wide and told that it actually took four carpenters two weeks to build it.

Mr. Fournier (Maisonneuve-Rosemont): I rise on a point of order.

The Chairman: Order.

Mr. Fulton: A bit later with respect to Halifax:

> The command engineer officer (at Halifax) said they weren't ready for a survey and that he knew many things were wrong.

Mr. Fournier (Maisonneuve-Rosemont): Both of us are on our feet.

The Chairman: Order. Do I understand the hon. member for Maisonneuve-Rosemont is now rising on a point of order?

Mr. Fournier (Maisonneuve-Rosemont): You are right. The hon. member for Kamloops has been talking about evidence. I should like to know what is his definition of evidence.

The Chairman: The hon. member for Kamloops.

Mr. Fulton: As I was saying, Mr. Chairman, the report made by the official of the civil service commission who made a survey—

Mr. Fournier (Maisonneuve-Rosemont): No, no, not that. I hope you will not accept that.

The Chairman: Order.

Mr. Fulton: —shows circumstances found and reported upon to be exactly as those that were found by Mr. Currie. We have this particular extract:

> I came to the conclusion that number six works company must be known in Halifax by workmen as a good place to get a soft job and a good place for third-class tradesmen to roost to their heart's content.

I am not doing this with any desire to make an invidious distinction as between one locality or another. I took these two excerpts because they do prove conclusively that the situation at Halifax was known to officials in the employ of this government two and a half years before Mr. Currie made his investigation. When Mr. Currie made his investigation, he found exactly the same circumstances at Halifax as well as at other places. It is particularly because the incidents at Halifax proved the truth of that general assertion that I have referred to them.

Mr. Dickey: I wonder if the hon. member would permit a question?

Mr. Fulton: Up to the moment I have been making these remarks under considerable difficulty. I wonder if the hon. member would reserve his question until a later stage, or until I have concluded this part of my remarks?

Mr. Dickey: I shall be delighted.

Mr. Fulton: What Mr. Currie said is reported at page 728 of *Hansard* for December 15, 1952. It reads as follows:

> As an example of what can be and actually has been done to remedy conditions quickly, it is interesting to follow the action which was taken at Halifax immediately following my inspection early in September. I reported verbally to national defence headquarters that conditions at Halifax were not satisfactory. As had been found at other establishments, stores, accounting and administrative procedures had broken down seriously. Senior officers were immediately dispatched from Ottawa to look into the situation. They took remedial action at once. Certain key personnel were replaced; others were put on notice; temporary stores and clerical staff together with a labour force were engaged to clean up the situation and bring the accounting records up to date.
>
> In November, I was invited to return to Halifax to examine the results of the vigorous action which had been taken. I found that remarkable changes had been made. The company had been completely reorganized.

A little later on he said:

> As a result of what had been done the unit had been placed in a position to function properly and to carry on with normal efficiency.

So, Mr. Chairman, what happened was this. In April, 1952, Mr. Currie was appointed to investigate the whole situation in the army works services. He found a chaotic condition at Halifax, exactly the same as that reported in September, 1949, by Mr. MacNab. Mr. Currie outlines the situation here. He tells the officials in the department what the circumstances are, and by now the matter has reached such proportions the department knows it cannot keep this under the cover any longer, so active steps are taken to deal with the situation at Halifax. Only three months later Mr. Currie says that he goes back to Halifax and finds that effective action has been taken.

Now, when we apply that situation to the whole of the Currie report, in which he reports on the administrative breakdown in the Department of National Defence and in which he says that at various army works service establishments he finds this chaotic condition, you can see, Mr. Chairman, how important this is, and how unfortunate it is that the government did not take effective action in September, 1949 to deal with the situation which was then drawn to its attention but which it preferred to ignore. Effective action was taken as a result of Mr. Currie's inquiry because the matter had come into the realm of public knowledge and public discussion, and could not be kept under the carpet any longer. A report was in their possession as long ago as September, 1949, yet they did nothing about it.

Of course, various attempts are made to minimize this matter and say that this is not a report at all but merely a memorandum. When the matter becomes one of public knowledge and public discussion, officials of the department write to reporters objecting to what those reporters may say about it.

In this connection I think the public should be, and is, very much concerned. Certainly my impression is that the public is very much concerned about the way in which the Minister of National Defence has sheltered behind his deputy, and has allowed and encouraged his deputy minister to make representations which should have been made by the minister. Let there be no doubt about the situation in this regard. To criticize what has happened in this case is not to criticize the civil service. It is to criticize the government for not cleaning up affairs in its own department initially, and then leaving things in a position where civil servants feel that they have to enter the lists of controversy in order to defend things that are going on in their department.

Just two days ago we were told by the Minister of National Defence that he approved the writing of the letter by the deputy minister, and that places upon the minister the onus of a very serious charge. It is the charge of using the civil service in a manner in which it is most improper for the government to use it. If the deputy minister felt keenly about this and wanted to write such a letter, that is a matter which can be understood. But if the minister approved that course of action, and in fact encouraged it, I submit to you that would be a most improper course of action for a responsible minister of the crown to take. If there were things which required to be said regarding this matter of public political controversy, it was for the minister to say them and not his deputy.

I am glad to note that the deputy did go to the minister before he wrote the letter. As I have said, his motives and his feelings with respect to what was going on are matters we can appreciate, because he is a normal person. But the fact that the minister would allow him to fall into what I suggest was an error and would, in fact, encourage him to do so, thus leaving the responsibility on his deputy instead of assuming it himself, is most reprehensible.

In this connection I do not leave it, sir, on the basis that I am a constitutional expert. I base my position on a book which is accepted as the authority on the British constitution, written by Mr. Ivor Jennings, in which at pages 143 and 144 you find the following passages:

> The responsibility of ministers to the House of Commons is no fiction, though it is not so simple

as it sounds. All decisions of any consequence are taken by ministers, either as such or as members of the cabinet. All decisions taken by civil servants are taken on behalf of ministers and under their control. If the minister chooses, as in the large departments inevitably he must, to leave decisions to civil servants, then he must take the political consequences of any defect of administration, any injustice to an individual, or any policy disapproved by the House of Commons. He cannot defend himself by blaming the civil servant. If the civil servant could be criticized, he would require the means of defending himself. If the minister could blame the civil servant, then the civil servant would require the power to blame the minister. In other words, the civil servant would become a politician. The fundamental principle of our system of administration is, however, that the civil service should be impartial and, as far as may be possible, anonymous.

I am quite sure, Mr. Chairman, there is not a member of the house on either side who, if he but reflects upon the matter, would not agree with that statement of principle. Yet the minister has made two if not more most important departures from that principle, and has taken actions which place him in direct violation of the principle of independence of the civil service. He has encouraged his deputy minister to take action with respect to a matter which is in the realm of political controversy, which is going to involve the department and the civil service in criticism. Jennings says that if the civil servant can be criticized, he would require the means to defend himself.

It is one of the principles of our government that civil servants do not speak on matters of policy. They do not have the means of defending themselves. It is therefore important—and I make this statement with due regard for its implications—that in the House of Commons we should avoid criticizing civil servants with respect to matters of government policy. Our criticism should be directed toward the government. When the minister encourages his deputy minister, his senior civil servant, to take a position with respect to a matter of political controversy, then he inevitably and most improperly exposes that civil servant to criticism in the house. I am not going to say anything beyond that point. My quarrel is with the minister and with the government, not with the civil servant who was led into placing himself in that position.

Then Jennings goes on to say:

If the minister could blame the civil servant, then the civil servant would require the power to blame the minister.

There is controversy here. There are criticisms in connection with the letter which the deputy minister wrote to Mr. Stevenson because of the facts which I have put on the records of the house regarding the circumstances surrounding this MacNab report. Yet the minister encouraged the writing of that letter. The minister has told us that he approved the letter and said, "Yes; go on and write it". I think it is most extraordinary that the minister did not say, "I will sign that letter; the responsibility is mine, not yours". The minister is now in a position to say, and has to say, that any fault or inaccuracy or otherwise is, of course, in the deputy minister's letter. He says it is perfectly accurate. There is a controversy as to that.

Mr. Claxton: What controversy?

Mr. Fulton: What position is the minister left in? He has to say, "That is a letter of my deputy". It is a letter of his deputy. So if there is any blame to be attached or any criticism to be made, the situation would be that the minister would have to blame the civil servant. But it is not open to a civil servant to answer, or to blame the minister. So we have a complete breach and a complete disregard of two of the most important principles with regard to the position of the civil service. The fact is that as a result of this course of action what is likely to happen is just what Jennings has said:

In other words, the civil servant would become a politician. The fundamental principle of our system of administration is, however, that the civil service should be impartial and, as far as may be possible, anonymous.

Mr. Cruickshank: Is that the Jennings of the restaurant?

Mr. Fulton: I did not hear what the hon. member said. What did he say?

Mr. Brooks: Something silly.

Mr. Fulton: I am not sure whether or not the remark will appear in *Hansard*; but as I did not hear it, I cannot answer it.

Mr. Cruickshank: I asked whether that was the Jennings of the restaurant.

Mr. Fulton: If the hon. member for Fraser Valley thinks that Mr. Jennings of the restaurant—estimable character though he may be—is an authority on constitutional matters, I shall leave him to continue in that belief. However, I do not think he holds it seriously and I greatly doubt that any other member of the House of Commons would not know the Jennings to whom I was referring.

The situation is this. Since this matter first came up, that is to say, the question of the Currie report itself and the question later on of the MacNab report and all these various matters involving criticism of his department—the Minister of National Defence has been, I submit, too prone to leave responsibility with those who should not be required to bear the political responsibility, and he

still owes to the house a great many things by way of explanation with regard to the circumstances surrounding this whole matter. He owes us an explanation as to why they chose to disregard the MacNab report. He owes us an explanation as to why they chose to leave the impression with the house and the country that there was no such report; and why it was that they did not do anything to remove that impression until after the evening edition of the Ottawa *Journal* of March 16 proved beyond a doubt that there was such a report and that the government could no longer get away with the fiction it was trying to maintain in this matter, and indeed in connection with the whole matter of national defence.

The minister and his associate owe a duty not only to the house but to the country to take it into their confidence and to stop trying to indicate to the people that they are getting value for their money when we find that, far from that being the fact, an unnecessarily large proportion of what is being spent for defence is being spent on frills and fancy things which are not going to deter any potential aggressor from his desire to attack, if that should be his desire. And they owe an explanation as to why it is that the government—which now, in spite of its own efforts, has had a few corners of the rug lifted so that a few glimpses of what is underneath the rug have been vouchsafed to the people of Canada—should still persist in trying to sweep more things under the rug and then to hammer more tacks into the edge of the rug so as to keep the people in ignorance of the true state of affairs with respect to national defence.

Mr. Claxton: Mr. Chairman, it is not my intention to delay the committee for many minutes because everything the hon. member for Kamloops has said has already been answered in *Hansard*. I refer to the statement of the Prime Minister on March 16 which appears at page 2968 of *Hansard*, and also to the other statements that have been made. To that I have little to add at this time, beyond this. The hon. member has raised the matter of this so-called MacNab report two or three times, I think, in another place, and two or three times in this chamber. It is rather important that it should be understood just what this report was. I suggest that the best source of that information is what Mr. MacNab himself said about it as reported in the London *Free Press* of March 17, 1953.

Mr. Fulton: Who was interviewing him?

Mr. Stuart (Charlotte): Oh, you were not interrupted.

[Mr. Fulton.]

Mr. Fulton: Not more than a dozen times.

Mr. Claxton: The article is headed "Private Letter Lawyer States" and reads as follows:

> Ronald S. MacNab, former staff investigator for the civil service commission and now a London lawyer, denied last night that a memorandum he wrote in 1949 was a government report. He said it was a private letter to his superior, and statements in it were not necessarily facts, but—

And the reporter quotes this:

> —"things I had heard from various sources during the course of routine investigation."
>
> Mr. MacNab was reported in Ottawa yesterday as the author of one of the controversial "reports" which opposition members have sought as alleging waste and extravagance in the defence department.
>
> Contacted in London, Mr. MacNab said he wrote a private letter to George T. Jackson, director of organization and classification for the civil service commission, in September, 1949, on the request of Mr. Jackson. In it, Mr. MacNab said, there were statements—not charges nor facts as such—which he had heard from army and other sources.
>
> "But it was not a government report," he emphasized. "Before it could be a government report these statements would have had to be checked and double-checked."

This is the document which somehow, by means unknown, was extracted from the files of George T. Jackson of the civil service commission or was given by someone unknown into the hands of the hon. member for Kamloops or Mr. Arthur Blakely, the correspondent of the Montreal *Gazette*, and which then was produced not at the committee on defence expenditure when it might have been produced—

Mr. Fleming: It was refused there. It was asked for and was refused by the government majority.

Mr. Claxton: It was asked for, but by a person who probably had a copy of that memorandum in his own possession, whereas the Department of National Defence had never had a copy in its possession.

Mr. Fleming: Or the rest of the government?

Mr. Claxton: The rest of the government, either. This was a personal document prepared for Mr. George T. Jackson who, as the Prime Minister said in his statement on March 16, happened to be in Burma, and consequently it was some time before any trace was found of the source of this story as it appeared in the Montreal *Gazette*, from some source unknown to the government, quoting sections of this statement. On the basis of that the hon. member for Kamloops has on two occasions taken up the time of this house and held up the defence expenditure committee to talk about reports and concealment and so on.

I suggest to him that the business of this country demands that we give most serious

attention to the affairs of national defence; that we look into every charge for which there is any basis, and that we investigate it to the full, as we have. People talk about receiving hundreds of letters. How many letters have been brought to my attention during the last six years relating to irregularities? How many? You could count them on the fingers of one or two hands. Every one of them has been investigated; and in every case where an investigation has shown that there has been wrongdoing, the prosecutor has been the government and the Department of National Defence. We have taken that course in every case where it appeared to be justified.

Now we have these continued sweeping assertions without support and without corroboration. In this instance a report dating from 1949, four years ago, is now paraded before us as something that the government is endeavouring to conceal, when the government did not even know of its existence.

Mr. Fulton: The Prime Minister knew about it on March 16.

Mr. Claxton: Because at about that time Mr. Jackson's secretary looked in his private file.

Mr. Fulton: Then the government should know of its existence.

Mr. Claxton: I am prepared to answer other questions that were put by hon. members in the course of the serious discussion this afternoon. I would be happy to do so, unless there are other hon. members who wish to speak. I must say that the course of the debate this evening has indicated that there is an intention rather not to allow me to make this reply tonight.

Sir, the business of the defence of our country is serious business. As hon. members have said, we have defence forces fighting in the field today, and I suggest that that business is serious; and that hon. members before attacking the effectiveness of our operations either abroad or at home by making assertions for which they are unwilling to take personal responsibility, should think twice about its effect upon our national effort.

Mr. Fulton: If the minister wishes to have an answer, I take the responsibility, as I have said before, for the assertions I have made. And I will give the minister an answer now, if he wants to have one, or later, if he wishes.

An hon. Member: Produce the letter.

Mr. Fulton: The minister seeks to brush this whole incident aside as something based not upon any memorandum or report, but merely a private letter. As I have said before, when is a report not a report? Perhaps it is when it is embarrassing to the government.

The minister has read from a Canadian Press dispatch of a reported interview with Mr. Jackson in London. I asked him the source of that dispatch, and he did not indicate what it was. I happen to have read it, and I know it is a Canadian Press dispatch giving, in abbreviated form, the gist of a reported interview. But there is in existence and on the record a very much fuller report of an interview with Mr. MacNab. This was an interview by Mr. Richard Jackson of the Ottawa *Journal*, containing the observations made by Mr. MacNab in reply to his questions. This particular portion is not in quotation marks, but it is what Mr. MacNab said. The newspaper article states—

> He left the government service in 1949, but not before verbally reporting to Mr. Jackson—

That is Mr. George Jackson.

> —conditions he had found in army camps.
>
> At Mr. Jackson's request, he committed his findings to writing in an official memorandum after he had left the civil service staff but was still in Ottawa.
>
> Since that time—

The actual time of that incident is not reported in this article.

> —the memorandum has been shown to deputy defence minister C. M. Drury.

Mr. Claxton: That is not correct.

Mr. Fulton: It continues:

> Tracing Mr. MacNab's moves since he left Ottawa in 1950, the *Journal* this morning found him by long distance telephone at his London law office.
>
> Were you the author of the disputed MacNab report? he was asked.
>
> "Why, is it now causing a stir?" he countered.
>
> "Yes, something of a stir in parliament.
>
> "Some people say it was an official report, others claim it was a personal letter; which was it?" asked the *Journal*.
>
> "It was neither. It was a memorandum."
>
> "Written before or after you left Ottawa?"
>
> "Written after I had left the civil service commission, but while I still was in Ottawa."
>
> "Why did you write it after you had left the government staff?"
>
> "I was instructed to."
>
> "By whom?"
>
> "By Mr. George Jackson. I had reported verbally to him on the findings of my investigations and he ordered me to put them in a memorandum."
>
> "Did it just cover conditions you found in army establishments at Halifax?"
>
> "No, it covered a number of other centres."
>
> "Do you regard it as an official report made in line of duty as a civil service investigator?"
>
> "Yes. I suppose I must. But why don't you ask Mr. Jackson about it?"

Then there is an interjection by Mr. Richard Jackson who wrote the article, where he states:

> Mr. Jackson is on a special government assignment in Burma, advising the Burmese government in civil service problems.

The interview continues:

"Is there any doubt that your memorandum reported a condition of waste and extravagance in army encampments?"

"You'd better read the report yourself".

Then the article continues:

The memorandum was written (at Mr. Jackson's request) as a matter of "routine", further explained Mr. MacNab.

Every two years, civil service staff investigators probed the use each department made of staff.

Then the article continues with observations by Mr. Richard Jackson on other subjects of controversy. So it is pretty certain that this was not a private letter. It was a memorandum reducing to writing personal observations made by Mr. MacNab when he was touring army works services establishments in the course of his official duties. If the minister wants to perpetuate this fiction that it was not a report based on personal observations, but was merely hearsay, I suggest to him that to do so is merely to insult the intelligence of the house. All you have to do is to read what was said in that memorandum as quoted in the press. The accuracy of what was quoted has not been questioned in any way. Of course they cannot question its accuracy.

Mr. Dickey: Does the hon. member take responsibility for the accuracy of that quotation?

Mr. Fulton: I have told the hon. member on two occasions previously, and I now say to him for the third time, that I take responsibility for the accuracy of everything I have said. If the hon. gentleman disputes its accuracy let him go to the government and require the government to table the text of the report. Until he does that I wish he would cease these futile and childish interruptions and show some sense of responsibility in connection with this matter. Here is what the memorandum says:

The slowness of the tradesmen (at Halifax) is a standing joke in the garrison. As an example I was shown a plywood partition about six feet wide and told that it actually took four carpenters two weeks to build it.

Here is another one:

While I was interviewing in the area engineer's office in Regina (one whole day) the entire staff was idle, many were sitting at their desks, soldiers and civilians, no work of any sort on the desks.

I ask the hon. member and the minister if that is hearsay. I ask them further how they reconcile—

The Chairman: Order. Perhaps I should point out that when the hon. member for Kamloops says, "I am asking the hon. member", when he puts a question he should at the same time indicate when he wants the hon. member for Halifax to answer. Otherwise it becomes provocative and perhaps the hon. member for Halifax is justified in trying to take the floor in order to answer.

Mr. Fulton: There will be another question.

The Chairman: The hon. member for Kamloops has the floor but if in the course of his remarks he says, "I ask the hon. member for Halifax," perhaps the hon. member for Halifax should wait until the hon. member for Kamloops, who has the floor, indicates when he wants him to answer.

Mr. Fulton: I welcome the hon. member's question, but I was in the course of putting another one to him and I thought he might like to answer them both at the same time. I should like to hear also from the minister. After all, it is the Minister of National Defence to whom we are putting these questions. If the hon. member for Halifax wishes to assume responsibility for that department as well, he is welcome to do it. My other question is this: Will the minister, the associate minister and the hon. member for Halifax explain how they reconcile the fact that what Mr. MacNab said in his memorandum was on all fours with what Mr. Currie subsequently reported. Are they going to say that Mr. Currie's report is based on hearsay?

Mr. Claxton: Mr. Currie did not say anything about that. You can search his report and you will not find anything to that effect.

Mr. Dickey: So far as the question submitted to me is concerned, I might say that the very point covered by the minister was what I intended to raise a few minutes ago when the hon. member would not agree to my asking a question. It is quite obvious from the quotations he gave from this personal letter of Mr. MacNab's and from the Currie report that there cannot be the slightest connection between the two incidents.

In answer to his question about hearsay I would simply point out that anybody who has the slightest knowledge of what hearsay is and what direct evidence is, on reading the quotations which the hon. member put on the record from the MacNab letter, will say that what he says there is based upon what he was told had happened some time previously. If that is not hearsay, then I do not know what it is.

Mr. Fleming: You do not.

Mr. Fulton: Apparently the hon. gentleman does not know what is hearsay; and if he wants to indulge in self-accusation, that is all right by me. It will be remembered that Mr. Currie said that the appalling conditions at Halifax were the same sort of conditions

that had been reported upon in the MacNab report. Mr. Currie said:

I reported verbally to national defence headquarters that conditions at Halifax were not satisfactory. As had been found at other establishments, stores, accounting and administrative procedures had broken down seriously.

Those things are in amplification of and are exactly similar in nature to the very incidents mentioned by Mr. MacNab.

Mr. Dickey: Oh, no.

Mr. Fulton: Mr. MacNab is even more specific than Mr. Currie. He reported on particular incidents which he noticed at Halifax.

Mr. Campney: What somebody told him.

Mr. Fulton: He said, "I saw". He said that at Regina when he was interviewing, the whole staff was idle, that many soldiers and civilians were sitting with no work on their desks. That was a personal observation. He further said this:

The engineers (R.C.E.) are engaged in some very large (construction) projects and I think it is fair to say that their attitude toward costs of construction indicates their attitude to finance generally, including money spent on staff. It seems to me that they are under the impression that . . . cost is no object when they want to do something.

That is in language exactly similar to the report of Mr. Currie, who states, as reported on page 717 of *Hansard*:

This involves the abandonment, by all administrators of the program, of the war psychology with its emphasis on speed with resultant wastefulness and extravagance—

The findings of the two men throughout their reports proceed on parallel lines. If the government wishes to draw the absurd distinction that in one case it was not a report because it was a memorandum, whereas in the other case it was a report because it was entitled a report, they can rely upon that sort of distinction; but it shows that they are driven to that sort of absurdity to justify their position.

The facts placed on the record and the facts found by Mr. MacNab and reported by him, as well as his own conclusions based upon his personal observations, establish clearly that these matters were found and were reported, not to a minor or obscure official but in the first instance to the director of organization of the civil service commission. Is anyone going to say that he is a minor or obscure official? I should not think the government would say that.

Then as to the minister's statement that the answer to all this is found in the statement made by the Prime Minister on March 16, to be found at page 2968 of *Hansard*; that is no answer at all. Indeed it proves, if anything more were needed, that the government did know about this report; that it sought to leave the impression that there was no such report; that it knew about it at 3 o'clock on March 16 yet still refused to set out the full facts; that it left the impression with the house that there was not such a report or if there was one, which they doubted, they did not know anything about it.

The statement made by the Prime Minister at 3.30 showed that they had known just as much at 3 o'clock as they knew at 3.30. But they revealed their knowledge at 3.30 only because their hands were forced by the article which appeared in the afternoon edition of the *Journal* of that day.

What the minister has said is no answer to the serious criticism we are making. There may be room for controversy as to whether or not the mere incidence of the MacNab report reporting on conditions in the army works services would be sufficient justification for a sweeping condemnation of the whole defence department; but when you find that what is said in the MacNab report is substantiated and confirmed by what is said in the Currie report; when you find that the government is so anxious to suppress the facts regarding the MacNab report, indeed its very existence; when you find that they will say at 3 o'clock on March 16 words which leave the impression that there is no such report and then have to eat those words at 3.30, I submit to you, Mr. Chairman, that the basis of our condemnation and criticism of the department has been amply established.

An hon. Member: No answers?

Mr. W. G. Dinsdale (Brandon): Mr. Chairman, in the few minutes remaining I should like to get back to matters other than that which has been discussed for the last hour. I want to refer to some of the items that were dealt with in a general way by the minister earlier today. I listened to his statement with a great deal of interest, and it was encouraging to note that when given even half a chance Canadian youth are able to put forth a fairly substantial effort in the defence of freedom and the values that make up our way of life. The record established in world war I was maintained in world war II, and it is evident that the pioneer spirit is by no means dead in this country.

As I listened to the rather general statement of the minister I felt the same sense of frustration that I have experienced on other occasions when defence matters have been discussed in the house. I do not think I am as frustrated as the hon. member for Kamloops because he has a real problem and he

has been here longer and has had a greater opportunity to become frustrated. However, I have discovered in my short experience in the house that it is rather difficult to dig out information from the Department of National Defence dealing with what might be described as problem areas. I have found that in most cases it is necessary to go to magazine or newspaper reports in order to get any information that might be regarded as helpful. I felt that such was again the case this afternoon as I listened to the general statement of the minister.

The phrase "not in the public interest" seems to be resorted to very frequently by the government, and perhaps the Department of National Defence abuses the privilege more than any other department. I am sometimes led to believe that instead of saying "not in the public interest" it should say "not in the government's interest" or "not in the party's interest". I had that experience of frustration at the beginning of March when I was trying to seek out information with respect to welfare services in the armed forces. At that time a resolution that I had placed on the order paper for the production of papers was denied. Access to that information was denied me as a private member. Previous to that, on November 27 last, I asked a question on the orders of the day with regard to the same problem. My question was as follows:

> In view of the continuing expansion of the armed forces, does the government intend to make use of the welfare facilities offered by the voluntary organizations which served so effectively during world war II?

In reply the minister said:

> The heads of the three services consider that it would be unwise, uneconomical and unnecessary to establish at all these places—

The reference is to the various Canadian military establishments.

> —the five welfare agencies that we used during the second world war and I agree with them.

I suppose that is where the matter would have rested if we on the opposition side had been inclined to accept the statement as definitive. But I find that the matter is not at all settled. It would seem that even the Department of National Defence itself is not completely happy over the present situation, because in the answer to a question I placed on the order paper on February 25 there was some indication that resort is being had to welfare facilities other than those found within the military organization itself. Part 3 of my question was as follows:

> What facilities are provided for entertainment, recreation and welfare for these personnel and who provides these services?

The reference is to our air force personnel stationed in France. The answer to question No. 3 reads in part as follows:

> To assist in recreational planning, the R.C.A.F. has on loan from the government of Ontario an expert in adult education and recreation. He is now in France to organize recreational and entertainment programs.

That would indicate that the trend toward militarization of welfare, if I may use that phrase, has not been entirely satisfactory in its results. Again, I notice that the Canadian Legion makes use of a phrase that was used in reference to my question of November 27 and quotes it in an article found on page 17 of the *Legionary*. The heading is, "Unwise, Uneconomical, Unnecessary". The *Legionary* quotes excerpts from a letter written by the Minister of National Defence in reply to an inquiry with respect to whether the department intended to use the auxiliary services of the Legion.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we shall move to go into supply and call the Department of Mines and Technical Surveys and the Department of the Secretary of State, these items to stand. We shall then continue this interesting debate on national defence.

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

APPENDIX

Orders, decorations and medals awarded officers and men of the Canadian forces for gallantry or outstanding service in the Far East

June 14, 1952, to March 28, 1953

ROYAL CANADIAN NAVY

OFFICER OF THE MILITARY DIVISION OF THE MOST EXCELLENT ORDER OF THE BRITISH EMPIRE (OBE)

Number	Rank	Name	Previous Decorations	Unit at Time of Award	Residence Prior to Enrolment	Present Location
O-59510	Captain	Plomber, James	DSC and Bar, CD.	"Cayuga"	Victoria, B.C.	"Cornwallis", Digby, N.S.

THE DISTINGUISHED SERVICE CROSS (DSC)

O-39100	Captain	King, Dudley Gawen	CD	"Athabaskan"	Esquimalt, B.C.	Navy Headquarters Ottawa.
O-72120	Captain	Taylor, Paul Dalrymple.	CD	"Sioux"	Victoria, B.C.	"Naden" Esquimalt, B.C.
O-69700	Commander	Steele, Richard Miles		"Nootka"	Armdale, N.S.	"Stadacona" Halifax, N.S.
O-65205	Lieutenant Commander	Saxon, Donald Roy	CD	"Sioux"	Victoria, B.C.	"Sioux" Far East.

THE DISTINGUISHED SERVICE MEDAL (DSM)

6030-H	Chief Petty Officer (Second Class).	Bonner, Albert Leo	BEM	"Nootka"	Not Known	"Cornwallis" Digby, N.S.

MENTION IN-DESPATCHES (MID)

O-65070	Lieutenant Commander	Saunders, Frank Phillips Rich.	CD	"Nootka"	Saskatoon, Sask.	"Naden" Esquimalt, B.C.
O-48417	Lieutenant	McCulloch, Paul Lancelot Steele.		"Athabaskan"	Victoria, B.C.	"Niobe" London, Eng.
O-4184	Lieutenant (L)	Banfield, Nelson Ralph	CD	"Sioux"	Victoria, B.C.	"Bytown" Ottawa, Ont.
O-77118	Surgeon Lieutenant	West, Chris Alfred		"Athabaskan"	Mimico, Ont.	"Naden" Esquimalt, B.C.
3387-H	Chief Petty Officer (1st Class).	Leary, Joseph Ernest		"Nootka"	Abbotsford, B.C.	"Stadacona" Halifax, N.S.

3232-E	Chief Petty Officer (2nd Class).	Davies, Ralph Evans		"Cayuga"	Saskatoon, Sask.	"Naden" Esquimalt, B.C.
3362-E	Chief Petty Officer (2nd Class).	Moyes, William David		"Athabaskan"	Digby, N.S.	"Crusader" Far East.
4240-E	Chief Petty Officer (2nd Class).	Brown, Harry Edward		"Cayuga"	Cochrane, Ont.	"Ontario" Esquimalt, B.C.
3299-E	Chief Petty Officer (2nd Class).	Morgan, Henry Cecil	CD	"Athabaskan"	Vancouver, B.C.	"Naden" Esquimalt, B.C.
21663-E	Chief Petty Officer (2nd Class).	Vanthaaff, George Edward	CD	"Sioux"	Outlook, Sask.	"Naden" Esquimalt, B.C.
4973-E	Petty Officer (1st Class).	Shaw, Samuel Henry		"Athabaskan"	Medicine Hat, Alta.	"Naden" Esquimalt, B.C.

CANADIAN ARMY

COMMANDER OF THE MOST EXCELLENT ORDER OF THE BRITISH EMPIRE (CBE)

ZP 1378	Brigadier	Bogert, Mortimer Patrick.	DSO, OBE, CD	Commander, 25 Cdn Inf Bde.	Montreal, P.Q.	25 Cdn Inf Bde, Far East.

THE DISTINGUISHED SERVICE ORDER (DSO)

ZH 1136	Lieutenant-Colonel	Wilson-Smith, Norman George.	MBE	1st Battalion PPCLI, RCIC.	Winnipeg, Man.	HQ, Western Command, Edmonton, Alta.
ZP 1659	Major	Jewkes, Victor Wilfred	MC	Ld SH (RC) RCAC	St. Johns, P.Q.	Ld SH (RC) 2 Armd Regt., Calgary, Alta.
ZP 1537	Lieutenant-Colonel	Bingham, Peter Richard.		1st Battalion RCR, RCIC.	Montreal, P.Q.	1 RCR, Far East.
ZP 1754	Lieutenant-Colonel	McNaughton, Edward Murray Dalziel.	CD	1st Regiment, RCHA.	Kingston, Ont.	1 RCHA, Far East.

OFFICER OF THE MILITARY DIVISION OF THE MOST EXCELLENT ORDER OF THE BRITISH EMPIRE (OBE)

ZD 553	Lieutenant-Colonel	Brosseau, Bernard Louis Persillier.	MC	25 Cdn Fd Amb., RCAMC.	Montreal, P.Q.	25 Fd Amb., Valcartier, P.Q.
ZP 1379	Lieutenant-Colonel	Brooks, Edward Geoffrey.	DSO, CD	2nd Regiment RCHA.	Montreal, P.Q.	2 RCHA, Winnipeg, Man.

OFFICER OF THE MILITARY DIVISION OF THE MOST EXCELLENT ORDER OF THE BRITISH EMPIRE (OBE)—Cont'd

Number	Rank	Name	Previous Decorations	Unit at Time of Award	Residence Prior to Enrolment	Present Location
ZK 4142	Lieutenant-Colonel	Corbould, Gordon Charleson.	DSO, ED	2 RCR, RCIC	New Westminster, B.C.	2 RCR, London, Ont.
ZP 1345	Lieutenant-Colonel	Vallee, Joseph Alexandre Armand Gaston.	CD	2 R 22e R, RCIC	Quebec City, P.Q.	2 R 22e R, Quebec, P.Q.
ZF 276	Lieutenant-Colonel	Cameron, John Ralph		1st Battalion, PPCLI, RCIC.	Halifax, N.S.	1 PPCLI, Calgary, Alta.
ZB 2391	Lieutenant-Colonel	Caswell, Clive Browning.	MC	37 Field Ambulance, RCAMC.	Montreal, P.Q.	37 Fd Amb., Far East.
ZP 1276	Lieutenant-Colonel	Trudeau, Louis Fremont	DSO, CD	1st Battalion, R 22e R.	Quebec City, P.Q.	1 R 22e R, Far East.

MEMBER OF THE MILITARY DIVISION OF THE MOST EXCELLENT ORDER OF THE BRITISH EMPIRE (MBE)

ZG 1128	Major	Ferris, Harold Rowley	CD	25 Cdn Inf Bde Ord Coy., RCOC.	Fairville, N.B.	26 Central Ord Depot, Ottawa, Ont.
ZL 116	Major	George, Donald Harry	MC	HQ 25 Cdn Inf Bde, Sig Sqn., RCCS.	Saskatoon, Sask.	HQ Western Command, Edmonton, Alta.
ZH 419	Major	Hamilton, Charles John Alexander.		HQ 25 Cdn Inf Bde.	Brandon, Man.	C and D Est CAS, Wash. Washington, D.C., U.S.A
TC 2944	Major	Laughton, Robert Charles David.		54 Cdn Tpt Coy., RCASC.	Ottawa, Ont.	Released: 101-1st Ave., Ottawa, Ont.
ZP 1427	Major	Orton, John Swaffield	MC, CD	2 RCHA, RCA	Duncan B.C.	Army Headquarters, Ottawa, Ont.
ZP 640	Major	Abbott, Albert Joseph.		HQ 1 Comwel Div.	Port Au Port, Nfld.	Army Headquarters. Ottawa, Ont.
ZM 102	Major	Allan, James Chalmers	DSO, CD	1 PPCLI, RCIC	Calgary, Alta.	Army Headquarters, Ottawa, Ont.
ZK 603	Major	Ball, Harold William		57 Cdn Ind Fd Sqn, RCE.	Monterey, California, U.S.A.	Royal Cdn School Military Eng., Chilliwack, B.C.

MEMBER OF THE MILITARY DIVISION OF THE MOST EXCELLENT ORDER OF THE BRITISH EMPIRE (MBE) (Cont'd)

ZB 2117	Major	Brodie, Henry Band		HQ 1 Comwel Div., RCASC.	Ottawa, Ont.	Army Headquarters, Ottawa, Ont.
ZC 2858	Major	Hitsman, James Stuart		25 Cdn FDS, RCAMC.	Kingston, Ont.	C and D Est CAS, Wash., Washington, D.C., U.S.A.
ZA 143	Major	McLarnon, John Robert		HQ 1 Comwel Div., RCEME.	London, Ont.	Army Headquarters, Ottawa, Ont.
ZB 2050	Captain	McLaughlin, Harold Edgar.		191 Cdn Inf Wksp., RCEME.	Toronto, Ont.	RCEME School, Barriefield, Ont.
ZB 3163	Captain	Trower, Norman George.		57 Cdn Ind Fd Sqn., RCE.	Toronto, Ont.	57 Cdn Ind Fd Sqn., Chilliwack, B.C.
ZP 2757	Captain	Wheeler, Walter Edward.	CD	25 Cdn Inf Bde, Sig Tp, RC Sigs.	Kingston, Ont.	Royal Cdn School of Signals, Barriefield, Ont.
SP 9466	WO I	Armishaw, Robert Vincent.		2nd Regiment, RCHA	Kingston, Ont.	2 RCHA, Winnipeg, Man.
SK 29179	WO I	Fernets, John Melvin		191 Cdn Inf Wksp, RCEME.	Kimberley, B.C.	3 Coy RCEME, Kingston, Ont.
ZK 984	Major	Baker, Alfred Jeffery	CD	HQ 25 Cdn Inf Bde., RCIC.	Victoria, B.C.	HQ 25 Cdn Inf Bde, Far East.
ZA 483	Major	Dolan, Joseph Ignatius		23 Transport Coy, RCASC.	Stratford, Ont.	23 Tpt Coy, RCASC, Far East.
ZB 2317	Major	Jaffey, Bertram David		37 Field Ambulance, RCAMC.	Toronto, Ont.	37 Field Ambulance, RCAMC, Far East.
ZP 1751	Major	Klenavic, Francis		1st Battalion RCR, RCIC.	London, Ont.	1 RCR, Far East.
ZP 1995	Major	Leach, John Edward	CD	HQ 25 Cdn Inf Bde., RCIC.	Kingston, Ont.	HQ 25 Cdn Inf Bde., Far East.
ZG 2951	Major	Roxborough, John Sutton.		Ld SH (RC) RCAC	Saint John, N.B.	Ld SH (RC) Far East
ZB 9677	Captain	Copcutt, David Russell		1st Regiment, RCHA	Toronto, Ont.	1 RCHA, Far East.
ZB 4355	Captain	Filshie, James Alexander.		RCAChC (P) Att'd 1st Bn., PPCLI.	Toronto, Ont.	HQ Prairie Command, Winnipeg, Man.
ZM 4100	Lieutenant	Wood, Michael Bruce		1st Battalion, PPCLI, RCIC.	Calgary, Alta.	1 PPCLI, Calgary, Alta.

THE MILITARY CROSS (MC)

Number	Rank	Name	Previous Decorations	Unit at Time of Award	Residence Prior to Enrolment	Present Location
ZD 2770	Captain	Tremblay, Joseph Patrick Rene.		2 R 22e R, RCIC	Quebec City, P.Q.	HQ BC Area, Vancouver, B.C.
ZD 4529	Lieutenant	Therrien, Jean Paul Andre.		2 R 22e R, RCIC	Montreal, P.Q.	2 R 22e R, Quebec, P.Q.
ZH 9926	Lieutenant	Middleton, David Alexander.	MM	1 PPCLI, RCIC	Toronto, Ont.	HQ Central Command, Oakville, Ont.
ZD 3947	Lieutenant	Peterson, Allan Angus Sloss.		1 RCR, RCIC	Montreal, P.Q.	1 RCR, Far East.
ZF 5016	Captain	Berthiaume, Elie William.		2nd Regiment, RCHA	Bridgetown, N.S.	I & A Cadre, HQ Eastern Command, Halifax, N.S.
ZE 337	Captain	Le Clerc, Roland		2nd Battalion, R 22e R	Rimouski, P.Q.	I & A Cadre, HQ Que. Command, Montreal.
ZC 4309	Lieutenant	Gardner, Herbert Russell.		1st Battalion, RCR	Arnprior, Ont.	2 RCR, London, Ont.
ZP 2810	Captain	Cloutier, Herbert George.	CD	1st Battalion, RCR	Toronto, Ont.	1 RCR, Far East.
ZD 4331	Lieutenant	Clark, John		1st Battalion, RCR	Beebe, P.Q.	1 RCR, Far East.
ZF 857	Captain (Acting Major)	Taylor, George Gray	ED	1st Battalion, RCR, RCIC.	Ottawa, Ont.	1 RCR, Far East.
ZP 2192	Captain	Caldwell, Douglas Samuel.	CD	1st Regiment, RCHA	Ottawa, Ont.	1 RCHA, Far East.
ZC 4936	Captain	Howitt, Gerald Henry		1st Regiment, RCHA	Guelph, Ont.	1 RCHA, Far East.
ZC 4693	Lieutenant	King, Andrew Martin		1st Battalion RCR, RCIC.	London, Ont.	1 RCR, Far East.
ZG 10026	2/Lieutenant	Merrithew, Haldene Owen.		1st Battalion RCR, RCIC.	Fairvale Stn., Kings Co., N.B.	1 RCR, Far East.
ZL 9929	2/Lieutenant	Robertson, William Cryle		1st Battalion PPCLI, RCIC.	Saskatoon, Sask.	1 PPCLI, Calgary, Alta.

THE DISTINGUISHED CONDUCT MEDAL (DCM)

SK 3460	Sergeant	Buxton, Richard George.		1 Bn PPCLI, RCIC	Victoria, B.C.	1 PPCLI, Calgary, Alta.
SK 12487	Sergeant	Richardson, John Henry.		1 Bn PPCLI, RCIC	Calgary, Alta.	1 PPCLI, Calgary, Alta.

THE GEORGE MEDAL (GM)

SG 2594	Lance-Corporal	Sinnott, Sterling Lloyd		25 Cdn Fd Dressing Station, RCAMC.	Saint John, N.B.	Released: Milltown, N.B.

THE MILITARY MEDAL (MM)

SE 800308	Corporal	Cormier, Delphis		2 R 22e R, RCIC	Atholville, N.B.	RCS of I, Borden, Ont.
B 800398	Corporal	McOrmond, Kenneth Victor.		2 Bn RCR, RCIC	Sudbury, Ont.	Released: 69 Ethelbert St., Sudbury, Ont.
SN 1106	Corporal	Le Moine, Donald George.		1 Bn RCR, RCIC	Grand Falls, Nfld.	1 RCR, Far East.
E 800061	Sergeant	Beaudin, Arthur		2 R 22e R, RCIC	Montreal, P.Q.	2 R 22e R, Quebec, P.Q.
D 800406	Acting Bombardier	Deardon, Thomas Edward.		2 RCHA, RCA	East Angus, P.Q.	Released: 235 Montcalm Blvd., Granby, P.Q.
C 800037	Private	Carley, Douglas Wesley.		2 Bn RCR	Consecon, Ont.	Released: 10 Water St., Trenton, Ont.
D 800577	Private	Johnson, Jack David		2 Bn RCR, RCIC	Montreal, P.Q.	Released: 751 Mercer St., Windsor, Ont.
G 800403	Corporal	Scott, Arthur Allan		2 Bn RCR, RCIC	Harcourt, N.B.	Released: Harcourt, N.B.
SF 800236	Sergeant	Allen, Trevor		"C" Squadron, Ld SH (RC) RCAC.	Springhill, N.S.	Ld SH (RC) 2 Armd. Regt., Calgary, Alta.
SK 8338	Corporal	Dunbar, John Glenford		1 PPCLI, RCIC	Vancouver, B.C.	25 Cdn RFT Gp., Far East.
D 801793	Lance-Corporal	Guay, Jean Guy		1 R 22e R, RCIC	Montreal, P.Q.	UN Forces, Far East.
SG 9631	Corporal	Stinson, Arthur Irvine.		1 RCR, RCIC	Milltown, N.B.	2 RCR, London, Ont
SL 918	Corporal	Rimmer, James Ernest		1 st Battalion, PPCLI, RCIC.	Foam Lake, Sask.	1 PPCLI, Calgary, Alta.
SC 6603	Corporal	Fowler, Karl Edmund.		1st Battalion, RCR, RCIC.	Kingston, Ont.	UN Forces, Far East.

THE MILITARY MEDAL (MM) (Cont'd)

Number	Rank	Name	Previous Decorations	Unit at Time of Award	Residence Prior to Enrolment	Present Location
SH 61937....	Trooper.....	Stevenson, Roy Charles.	.....	"B" Squadron LdSH (RC) RCAC.	Viceroy, Sask.....	UN Forces, Far East.
SC 135658....	Sergeant.....	Enright, Gerald Emerson Peter.	.....	1st Battalion, RCR, RCIC.	Ottawa, Ont.....	1 RCR, Far East.
SB 42537.....	WO 2.....	Johnson, Leo Austin...	.....	1st Battalion, RCR, RCIC.	Paris, Ont.....	1 RCR, Far East.
SB 41694.....	Staff-Sergeant.....	Anderson, Peter.....	.....	1st Battalion, RCR, RCIC.	Niagara Falls, Ont.....	1 RCR, Far East.
SD 189946...	Sergeant.....	Champoux, Joseph Renaud.	.....	1st Battalion, R 22e R, RCIC.	Sherbrooke, P.Q.....	2 R 22e R, Quebec City, P.Q.
SH 60643....	Sergeant.....	Graveline, William George.	.....	1st Regiment, RCHA	Winnipeg, Man.....	1 RCHA, Far East.
SB 153746....	Sergeant.....	Prentice, Rhodes Albert.	.....	1st Battalion, PPCLI, RCIC.	Toronto, Ont.....	Colonel Belcher Hosp., Calgary, Alta.
SK 14630....	Corporal.....	Fenton, Vincent Lloyd.	.....	1st Battalion, PPCLI, RCIC.	Kelowna, B.C.....	Released: Westbank, B.C.
SB 7474.....	Corporal.....	Pearce, Jean Paul Roland.	.....	1st Battalion, R 22e R, RCIC.	Minnow Lake, Ont.....	2 R 22e R, Quebec City, P.Q.
SN 1051.....	Corporal.....	Pelley, Cecil Wilbert Hoskin.	.....	1st Battalion, RCR, RCIC.	Botwood, Nfld.....	1 RCR, Far East.
SE 800476....	Lance-Corporal.....	Dion, Antoine.....	.....	1st Battalion, R 22e R, RCIC.	Isle Verte, Riviere-du-Loup, P.Q.	3 Personnel Depot, Quebec, P.Q.
SC 850324....	Lance-Corporal.....	Gingras, Jean Robert..	.....	1st Battalion, R 22e R, RCIC.	Quebec City, P.Q.....	2 R 22e R, Quebec City, P.Q.

BRITISH EMPIRE MEDAL (BEM)

SK 14437....	Sergeant.....	Elliott, George William.	.....	1st Battalion, PPCLI, RCIC.	Vancouver, B.C.....	1 PPCLI, Calgary, Alta.
SH 800192...	Sergeant.....	Haynes, Malcolm Stuart.	.....	Cdn Section, L of C and Base Tps, RCASC.	London, Ont.....	HQ W Ont. Area, London, Ont.

BRITISH EMPIRE MEDAL (BEM) (Cont'd)

SK 62292....	Sergeant.....	Tutte, Kenneth Gordon.	.....	Cdn Section, L of C and Base Tps, RCASC.	Vancouver, B.C.....	1 PPCLI, Calgary, Alta.
SD 82512....	Staff-Sergeant (Acting WO 2).	Lynch, Paul Austin....	.....	1st Battalion, PPCLI, RCIC.	Calgary, Alta.....	RCS of I, Camp Borden.
SB 144511....	Sergeant.....	Gardiner, Lorne Percival.	.....	23 Ind Fd Sqn, RCE..	Toronto, Ont.....	23 Ind Fd Sqn, Far East.
SM 8932.....	Sergeant.....	Tomelin, Paul James..	.....	25 Cdn PRU RCE....	Calgary, Alta.....	HQ Prairie Comd. Winnipeg, Man.
SB 7363.....	Lance-Corporal.....	Nixon, Melville Joseph.	.....	1st Battalion, RCR....	Toronto, Ont.....	1 RCR, Far East.
SM 9445.....	Trooper.....	Wyatt, Henry.....	.....	Ld SH (RC) RCAC)..	Bellevue, Alta.....	Ld SH (RC) Far East.

MENTION-IN-DESPATCHES (MID)

ZB 2724.....	Major.....	Whiticar, Clarence Mervyn.	.....	25 Cdn Inf Bde RCASC.	Glen Tay, Ont.....	HQ Prairie Comd., Winnipeg, Man.
ZB 3486.....	Captain.....	Besley, John Keith....	.....	25 Cdn Inf Bde, RCAMC.	Toronto, Ont.....	25 Field Amb., Valcartier, P.Q.
SF 35284.....	Sergeant.....	Murray, Robert Fraser	.....	25 Cdn Inf Bde, RCOC.	Halifax, N.S.....	12 Regional Ord Depot, Halifax, N.S.
B 800357.....	Corporal.....	Blanchfield, Nelson Joseph.	.....	25 Cdn Fd Amb, RCAMC.	Cobalt, Ont.....	Released: 21 Greenwood Ave., Carter Hatch Rd., Enfield, Eng.
H 800412.....	Private.....	Cloutier, Joseph John..	.....	54 Tpt Company, RCASC.	McKee, Sask.....	Released: 1233 Edwards St., The Pas, Man.
B 802044.....	Private.....	Gauthier, Andrew Joseph.	.....	2 R 22e R, RCIC.....	Quebec, P.Q.....	UN Forces, Far East.
SC 850324....	Private.....	Gingras, Jean Robert..	.....	2 R 22e R, RCIC.....	Quebec, P.Q.....	2 R 22e R, Quebec, P.Q.
SB 7819.....	Private.....	Ruttan, Lawrence Albert.	.....	1 PPCLI, RCIC.....	Bracebridge, Ont.....	6 Personnel Depot, Toronto Ont.
H 800111.....	Gunner.....	Winkworth, Alfred Victor.	.....	2nd Regiment, RCHA.	Winnipeg, Man.....	Released: 319 Cathedral Ave., Winnipeg, Man.
TF 70506.....	Major.....	Gillis, Duncan Hugh...	.....	2nd Regiment, RCHA.	Antigonish, N.S.....	Released: 7 Charlotte St., Sydney, N.S.

MENTION-IN-DESPATCHES (MID) (Cont'd)

Number	Rank	Name	Previous Decorations	Unit at Time of Award	Residence Prior to Enrolment	Present Location
TA 37619	Major	Peterson, John Frederick.	DSO	2nd Battalion, RCR	St. Thomas, Ont.	Released: 140 Forest Ave., St. Thomas, Ont.
ZE 219	Major	Perusse, Joseph Patrick Gabriel.		2nd Battalion, R 22e R	St. Michel, P.Q.	Cdn Army Training School, Valcartier, P.Q.
ZB 4152	Major	Pinkerton, Samuel Morrison.		2nd Regiment, RCHA.	Hamilton, Ont.	2 RCHA, Winnipeg, Man.
ZD 4752	Major	Robitaille, Robert Joseph Albert.		HQ 1 Comwel Div., RCAMC.	Ste Anne de Bellevue, P.Q.	Vancouver Military Hosp., Vancouver, B.C.
ZM 1099	Major	Short, Charles Gilmour	MC	1st Battalion, PPCLI.	Calgary, Alta.	1 PPCLI, Calgary, Alta.
ZD 365	Major	Sutherland, William Edouard.		2nd Battalion, R 22e R	Joliette, P.Q.	Cdn Army Training School, Valcartier, P.Q.
ZH 2918	Captain	Harris, Frederick Thomas.		RCCS Attached 1 PPCLI.	Winnipeg, Man.	AF Bde Gp Sig Sqn., Barriefield, Ont.
ZE 252	Captain	Howard, John Henry.		2nd Regiment, RCHA.	Penetanguishene, Ont.	2 RCHA, Winnipeg, Man.
ZP 1794	Captain	La Rose, Fernand Gaston.	CD	RCCS Attached 2 R 22e R.	Kingston, Ont.	Royal Cdn Sch. of Signals, Barriefield, Ont.
ZE 4728	Captain	Lebel, Gontram		RCAChC Attached 2 R 22e R.	Quebec City, P.Q.	Collège Militaire Royal de Saint-Jean, St. Jean, P.Q.
ZB 9619	Captain	Mitchell, Frederick Oliver.		57 Cdn Ind Fd Sqn., RCE.	Toronto, Ont.	57 Cdn Ind Fd Sqn., Chilliwack, B.C.
ZB 4078	Captain	Moldaver, Jack Isaac		2nd Regiment, RCHA.	Brantford, Ont.	2 RCHA, Winnipeg, Man.
ZC 3411	Captain	Stoddart, William Bateman.		2nd Regiment, RCHA.	Woodville, Ont.	2 RCHA, Winnipeg, Man.
ZC 4072	Captain	Urquhart, William Robert.		54 Tpt Coy RCASC	Ottawa, Ont.	54 Tpt Coy., Camp Borden, Ont.
TK 99548	Lieutenant	Cooke, Norman Edward.		57 Cdn Ind Fd Sqn., RCE.	Vancouver, B.C.	Released: 12800 Phillips Ave., North Vancouver, B.C.

MENTION-IN-DESPATCHES (MID) (Cont'd)

ZK 3641	Lieutenant	Corry, Geoffrey Donald.		HQ 25 Cdn Inf Bde., RCIC.	Victoria, B.C.	27 Cdn Inf Bde., Europe.
ZA 4318	Lieutenant	Darling, Carman Grant		2nd Battalion, RCR	Byron, Ont.	2 RCR, London, Ont.
TA 32161	Lieutenant	Hamel, John Starr		2nd Battalion, RCR	Scudder, Ont.	Released: Scudder, Ont.
ZD 4097	Lieutenant	Hartnett, James Joseph		2nd Battalion, RCR	Montreal, P.Q.	I & A Cadre, H.Q. Que. Command, Montreal.
ZF 3763	Lieutenant	MacLean, James William.		1st Battalion, RCR	Glace Bay, N.S.	RCS of I, Camp Borden, Ont.
TB 14292	Lieutenant	McLellan, Alister Porteous.		2nd Battalion, RCR	Toronto, Ont.	9 Personnel Depot, Regina, Sask.
ZK 3412	Lieutenant	Murphy, Robert Harold.		25 Cdn Prov Det, C Pro C.	Victoria, B.C.	I and A Cadre, HQ BC Area, Vancouver, B.C.
TE 68095	Lieutenant	Paradis, Jacques		2 nd Battalion, R 22e R.	Quebec City, P.Q.	Released: 130 des Erables Ave., Quebec, P.Q.
ZG 9788	Lieutenant	Smith, Douglas Thomson.		Ld SH (RC) RCAC	Peterborough, Ont.	Ld SH (RC) 2 Armd. Regt. Calgary, Alta.
TD 3878	Lieutenant	Sorenson, Frank Edward.		2 RCHA Sgn Tp, RC Sigs.	Kingston, Ont.	Released: 2019 Stanley St., Apt. 9, Montreal, P.Q.
ZE 10135	2nd Lieutenant	Fournier, Real		1st Battalion, R 22e R.	Les Boules, P.Q.	4 Personnel Depot, Montreal, P.Q.
SD 13525	WO II	Malcolm, Robert		2nd Regiment, RCHA.	Magog, P.Q.	2 RCHA, Winnipeg, Man.
SG 45024	WO II	Walker, Ronald Walker.		RCEME Attached Ld SH (RC)	Fairvale Stn., N.B.	192 Cdn Light Aid Det., Winnipeg, Man.
SA 2402	Sergeant	Guy, Harold John		2 RCHA Sgn Tp, RC Sigs.	London, Ont.	RCS of S, Barriefield, Ont.
SC 850308	Sergeant	MacKinnon, Donald Hillman.		2nd Regiment, RCHA.	Ottawa, Ont.	Royal Cdn Sch. of Arty., Shilo, Man.,
SD 800057	Sergeant	McCormick, George Edward.		2nd Regiment, RCHA.	Ste Anne de Bellevue, P.Q.	2 RCHA, Winnipeg, Man.
B 801929	Sergeant	Steele, Wilbert Ross		57 Cdn Ind Fd Sqn., RCE.	Meldrum Bay, Manitoulin Island, Ont.	Released: 251 Balmoral Ave., Hamilton, Ont.
SB 801126	Sergeant	Sillaby, Harry Arthur		2nd Battalion, RCR	Georgina Island, Ont.	2 RCR, London, Ont.

MENTION-IN-DESPATCHES (MID) (Cont'd)

Number	Rank	Name	Previous Decorations	Unit at Time of Award	Residence Prior to Enrolment	Present Location
SB 801995....	Corporal (A/Sgt.).....	Lock, William Alfred..	.....	1st Battalion, PPCLI..	Haviland, Ont.....	1 PPCLI, Calgary, Alta.
SM 52894....	Corporal.....	Cheslak, Michael Lawrence.	.....	25 Cdn FDS, RCAMC	Hodgeville, Sask.....	Shilo Military Hospital, Shilo, Man.
SF 800752....	Corporal.....	Cook, George Edgar..	.....	RCAMC Attached 2nd Regt. RCHA.	Annapolis Co., N.S....	2 RCHA, Winnipeg, Man.
SH 61543....	Corporal.....	McLeod, Douglas Stanley.	.....	1st Battalion, PPCLI..	Winnipeg, Man.....	1 PPCLI, Calgary, Alta.
SB 7236.....	Lance-Corporal.....	Bolton, Russell Wilburn	.....	1st Battalion, RCR....	Owen Sound, Ont.....	Deceased.
D 801830.....	Lance-Corporal.....	Rodney, Peter Clovis..	.....	2 RCHA Sgn Tp., RC Sigs.	Waterville, P.Q.....	Released: Waterville, P.Q.
SM 9228.....	Lance-Corporal.....	Rooney, Donald Hubert.	.....	1st Battalion, PPCLI..	Edmonton, Alta.....	10 Personnel Depot, Calgary, Alta.
C 800054.....	Private.....	Caldwell, Raymond...	.....	2nd Battalion, RCR...	Clydesdale PO, Ont..	Released: 332 Rubidge St., Peterborough, Ont.
CS 9124.....	Private.....	Cox, Thomas Walter...	.....	1st Battalion, RCR....	Brockville, Ont.....	2 RCR, London, Ont.
E 800381.....	Private.....	Dubois, Real.....	.....	2nd Battalion, R 22e R.	Thetford Mines, P.Q...	Released: Thetford Mines, P.Q.
D 801844.....	Private.....	Dupuis, Joseph Elphege Albert.	.....	1st Battalion, R 22e R.	MacKayville, P.Q.....	Deceased.
B 801935.....	Private.....	Ferguson, William Connor.	.....	2nd Battalion, RCR...	Hamilton, Ont.....	Released: 11th Strathcona N., Hamilton, Ont.
A 800513.....	Signalman.....	Mann, Arnold Rudolph	.....	2 RCHA Sgn Tp, RC Sigs.	Gretna, Man.....	Released: R.R. No. 3, Teeswater, Ont.
A 800005.....	Private.....	Windle, William Robert.	.....	2nd Battalion, RCR...	Brantford, Ont.....	7 Personnel Depot, London, Ont.
SF 8958.....	Corporal.....	Faulkner, Ellroy Morton.	.....	1st Battalion, RCR....	Musquodoboit Harbour, Halifax Co., N.S.	1 RCR, Far East.
ZE 3784.....	Lieutenant.....	Smyth, Robert Dunlop	.....	1st Regiment, RCHA..	Quebec City, P.Q.....	1 RCHA, Far East.

MENTION-IN-DESPATCHES (MID) (Cont'd)

SB 73992	WO II	McNally, Richard	BEM	1st Battalion, RCR	Oakville, Ont.	1 RCR, Far East.
SG 28010	Corporal	McNulty, Robert Ronald.		1st Battalion, RCR	Saint John, N.B.	1 RCR, Far East.
SK 14467	Corporal	Whitney, Ronald Arthur.		1st Battalion, RCR	Wilberforce, Ont.	1 RCR, Far East.
SG 9728	Lance-Corporal	Algee, Burnell Gorden		1st Battalion, RCR	Kentville, N.S.	1 RCR, Far East.
SB 7441	Lance-Corporal	Ludgate, Clarence Edward.		1st Battalion, RCR	Virginiatown, Ont.	1 RCR, Far East.
SG 10400	Lance-Bombardier	Barter, Walter Franklin		1st Battalion, RCR	Saint John, N.B.	1 RCHA, Far East.
SG 9593	Gunner	Snow, George Henry		1st Regiment, RCHA	Saint John, N.B.	1 RCHA, Far East.
SF 1442	Gunner	Monk, Cecil Clifford		1st Regiment, RCHA	Port Arthur, Ont.	129 AA Bty, Victoria, B.C.
SF 21560	Private	Arsenault, Earl Joseph		1st Battalion, RCR	Halifax, N.S.	1 RCR, Far East.
SB 10793	Private	Morrison, Charles Joseph.		1st Battalion, RCR	Glace Bay, N.S.	Deceased.
ZD 4610	Captain	Bouffard, Joseph Paul Jacques.		2nd Battalion, R 22e R.	Montreal, P.Q.	2 R 22e R, Quebec, P.Q.
SE 4301	WO I	Dagenais, Georges		2nd Battalion, R 22e R.	Montreal, P.Q.	HQ Camp Valcartier, Valcartier, P.Q.
ZC 741	Major	Cohen, Elliott Lapedus	MBE	1st Battalion, RCR, RCIC.	Brockville, Ont.	5 Personnel Depot, Kingston, Ont.
ZA 221	Major	Holmes, Donald Ernest.		1st Battalion, RCR, RCIC.	London, Ont.	1 RCR, Far East.
ZC 2200	Major	Pelletier, Joseph Albert Modeste Bernard.		1st Battalion, R 22e R, RCIC.	Ottawa, Ont.	25 Cdn Rft Gp, Far East.
ZP 1314	Major	Richards, Robert Stanley.	CD	1st Battalion, RCR, RCIC.	St Johns, P.Q.	1 RCR, Far East.
ZC 470	Major	Rochefort, Joseph Arthur Rene	MBE	HQ 1 Commonwealth Division (RCASC).	Ottawa, Ont.	HQ 1 Commonwealth Div. Far East.
ZK 794	Captain	Berger, Torleif		1st Battalion, PPCLI, RCIC.	Princeton, B.C.	1 PPCLI, Calgary, Alta.
ZP 4573	Captain	Fisher, Orland Mowatt	CD	23 Transport Co., RCASC.	Ottawa, Ont.	No. 9 Transport Coy., RCASC, Ottawa, Ont.

MENTION-IN-DESPATCHES (MID) (Cont'd)

Number	Rank	Name	Previous Decorations	Unit at Time of Award	Residence Prior to Enrolment	Present Location
ZF 657	Captain	Mahar, Robert Herbert.		1st Battalion, RCR, RCIC.	Charlottetown, P.E.I.	1 RCR, Far East.
ZD 4044	Captain	Patenaude, Joseph Arthur Olivier.		RCAChC(RC) Att'd 1st Bn, R 22e R.	Montreal, P.Q.	HQ Quebec Comd., Montreal, P.Q.
ZM 9776	Lieutenant	Bell, Mark Robert		1st Battalion, PPCLI, RCIC.	Calgary, Alta.	RCASC School, Camp Borden, Ont.
ZB 3601	Lieutenant	Rutherford, Bruce Coleman.		Ld SH(RC), RCAC	Owen Sound, Ont.	Ld SH(RC), Far East.
SC 5923	WO I	Gibbs, Walter Robert	CD	23 Transport Coy., RCASC.	Oshawa, Ont.	23 Tpt Coy, Far East.
SP 28012	WO 2	Clifton, Ashworth Thomas.		1st Battalion, PPCLI, RCIC.	Winnipeg, Man.	1 PPCLI, Calgary, Alta.
SC 41588	WO 2	Doran, Jean Paul	CD	1st Battalion, RCR, RCIC.	Eastview, Ont.	1 RCR, Far East.
SP 16427	WO 2	Gray, Kenneth Henry		1st Battalion, RCR, RCIC.	Brockville, Ont.	5 Personnel Depot, Kingston, Ont.
SH 45752	Staff-Sergeant	Appleton, Roy Harold	MM	1st Battalion, PPCLI, RCIC.	Saskatoon, Sask.	1 PPCLI, Calgary, Alta.
SD 41123	Staff-Sergeant	Vallieres, Charles Henri.		1st Battalion, R 22e R, RCIC.	Magog, P.Q.	1 R 22e R, Far East.
SD 190368	Sergeant	Brown, John Aubrey		1st Battalion, R 22e R, RCIC.	St. Peters, N.S.	1 R 22e R, Far East.
SB 154062	Corporal	Buckner, Edward Allen.		25 Cdn Inf Bde Sig Tp, RC Sigs.	Toronto, Ont.	Released: 32 Alton Ave., Toronto, Ont.
SF 36233	Corporal	Leblanc, Joseph Edgar.		RCAMC Att'd to 1st Bn, R 22e R.	Halifax, N.S.	RCAMC, Far East.
SL 108617	Corporal	Pippus, Vernon Roy		1st Battalion, PPCLI, RCIC.	Regina, Sask.	1 PPCLI, Calgary, Alta.
SK 14705	Corporal	Preiswerck, Gustave Jack.		25 Pro Det, C Pro C	Victoria, B.C.	HQ Prairie Comd., Winnipeg, Man.

MENTION-IN-DESPATCHES (MID) (Cont'd)

SK 14497	Corporal	Reding, Raymond George.		1st Battalion, PPCLI, RCIC.	Innisfail, Alta.	10 Personnel Depot, Calgary, Alta.
SM 100423	Bombardier	Reid, Gavin Ian		1st Regiment, RCHA.	Banff, Alta.	1 RCHA, Far East.
SB 153495	Corporal	Reid, Roy Hamilton		23 Ind Fld Sqn, RCE.	Richmond Hill, Ont.	23 Ind Fld Sqn, Far East.
SD 4512	Corporal	Rioux, Joseph Andre		1st Battalion, R 22e R, RCIC.	St. Fidele, P.Q.	1 R 22e R, Far East.
SK 9545	Lance-Corporal	Inkman, Ernest Peter		1st Battalion, PPCLI, RCIC.	Agassiz, B.C.	1 PPCLI, Calgary, Alta.
SC 8782	Lance-Corporal	Murphy, Pierce Leo		1st Battalion, PPCLI, RCIC.	Chapel's Cove, Nfld.	1 PPCLI, Calgary, Alta.
SB 34148	Lance-Corporal	Webber, Robert William Charles.		23 Ind Fld Sqn, RCE.	Brantford, Ont.	23 Ind Fld Sqn, Far East.
SA 1502	Private	Bertrand, Wilfred Laurier.		1st Battalion, PPCLI, RCIC.	Tecumseh, Ont.	2 PPCLI, Calgary, Alta.
SK 14848	Private	Kelley, Leonard William.		37 Fld Amb, RCAMC.	Vancouver, B.C.	37 Fld Amb, Far East.
SD 4870	Sapper	Norton, John Henry		23 Ind Fld Sqn, RCE.	New York, USA	23 Ind Fld Sqn, Far East.
SH 61920	Trooper	Olynyk, William		Ld SH (RC) RCAC	Winnipeg Beach, Man.	Ld SH(RC), Far East.
SF 8992	Gunner	Wight, Daniel		1st Regiment, RCHA.	Yarmouth, N.S.	1 RCHA, Far East.
SD 4852	Private	Woods, Russell Larry		1st Battalion, PPCLI, RCIC.	Noranda, P.Q.	1 PPCLI, Calgary, Alta.

U.S. LEGION OF MERIT (DEGREE IF OFFICER)

ZK 4050	Brigadier	Rockingham, John Meredith.	CB, CBE, DSO, ED.	25 Cdn Inf Bde	Vancouver, B.C.	C&D Est CALE, London, Eng.
ZD 637	Brigadier	Fleury, Frank James	CBE, ED	Cdn Military Mission, Far East.	Montreal, P.Q.	HQ East Que Area, Quebec, P.Q.

U.S. AIR MEDAL

ZD 2265	Captain	Drapeau, Louis Rene	DCM and Bar	2nd Battalion, R 22e R.	Montreal, P.Q.	2 R 22e R, Quebec, P.Q.

U.S. AIR MEDAL (Cont'd)

Number	Rank	Name	Previous Decorations	Unit at Time of Award	Residence Prior to Enrolment	Present Location
ZE 252	Captain	Howard, John Henry		2nd Regiment, RCHA.	Montreal, P.Q.	2 RCHA, Winnipeg, Man.
ZL 3984	Lieutenant	Bull, Albert Paul		1st Battalion, PPCLI.	Victoria, B.C.	I&A Cadre HQ Sask. Area, Regina, Sask.
ZL 9929	2nd Lieutenant	Robertson, William Cryle.		1st Battalion, PPCLI.	Saskatoon, Sask.	1 PPCLI, Calgary, Alta.

ROYAL CANADIAN AIR FORCE

DISTINGUISHED FLYING CROSS (DFC)

17484	Flight Lieutenant	Glover, Ernest Arthur.		Attached USAF in Korea.	Leaside, Ont.	422 (F) Squadron, Uplands, Ont.

AIR FORCE CROSS (AFC)

30018	Flight Lieutenant	Edwards, Robert Martin.		426 (T) Squadron, Lachine, Que.	St. James, Man.	412 (T) Squadron, Rockcliffe, Ont.

BRITISH EMPIRE MEDAL (BEM)

24068	Corporal	Trudel, Jean Baptiste Paul Aime.		426 (T) Squadron, Lachine, P.Q.	Levis, P.Q.	426 (T) Squadron, Lachine, P.Q.

QUEEN'S COMMENDATION FOR VALUABLE SERVICES IN THE AIR (QC)

17486	Flight Lieutenant	Burn, Robert Edward.		426 (T) Squadron, Lachine, P.Q.	Hespeler, Ont.	426 (T) Squadron, Lachine, P.Q.
25486	Flight Lieutenant	Wolkowski, Edward Raymond.		426 (T) Squadron, Lachine, P.Q.	Winnipeg, Man.	426 (T) Squadron, Lachine, P.Q.

25597	Flying Officer	Wilson, John Pierce		426 (T) Squadron, Lachine, P.Q.	Georgetown, Ont.	RCAF Station, Lachine, P.Q.
25880	Sergeant	Howard, George		426 (T) Squadron, Lachine, P.Q.	Summerland, B.C.	4 Operational Training Unit, Lachine, P.Q.
23347	Sergeant	Potekal, Ludvig Cyril		426 (T) Squadron, Lachine, P.Q.	Fernie, B.C.	426 (T) Squadron, Lachine, P.Q.

UNITED STATES DISTINGUISHED FLYING CROSS

19514	Group Captain	Hale, Edward Birney	DFC, CD	Attached to USAF in Korea.	Hamilton, Ont.	1 Fighter Wing HQ, North Luffenham, Eng.
17484	Flight Lieutenant	Glover, Ernest Arthur	DFC	Attached to USAF in Korea.	Leaside, Ont.	422 (F) Squadron, Uplands, Ont.
30003	Flight Lieutenant	Lafrance, Joseph Claude Andre.		Attached to USAF in Korea.	Chateau d'Eau, Que.	1 (Fighter) Operational Training Unit, Chatham, N.B.
17807	Flight Lieutenant	Spurr, Lawrence Esmond.		Attached to USAF in Korea.	Middleton, N.S.	1 (Fighter) Operational Training Unit, Chatham, N.B.
120772	Flying Officer	Fleming, Sanford Bruce.		Attached to USAF in Korea.	Montreal, Que.	1 (Fighter) Operational Training Unit, Chatham, N.B.

UNITED STATES AIR MEDAL

14565	Flying Officer	Nixon, William Gene		Attached to USAF in Korea.	Hanna, Alta.	3 Fighter Wing, Germany.

Military Awards

HOUSE OF COMMONS

Wednesday, April 15, 1953

The house met at eleven o'clock.

EXTERNAL AFFAIRS

Second report of standing committee on external affairs.—Mr. Bradette.

REFERENCE OF CERTAIN ESTIMATES TO COMMITTEE OF SUPPLY

Hon. Douglas Abbott (Minister of Finance) moved:

That items Nos. 85 to 104 inclusive, of the main estimates for 1953-54, approved and reported upon this day by the standing committee on external affairs, be referred back to the committee of supply.

Motion agreed to.

INDUSTRIAL RELATIONS

CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. A. F. Macdonald (Edmonton East) presented the first report of the standing committee on industrial relations, and moved that the report be concurred in.

Motion agreed to.

WATER POWER

SAINT JOHN RIVER—REQUEST FOR REPORT OF INTERNATIONAL JOINT COMMISSION

Hon. Brooke Claxton (Acting Secretary of State for External Affairs): Mr. Speaker, yesterday the hon. member for Temiscouata (Mr. Pouliot) asked a question to which I should like to reply.

The report of the international joint commission in response to the joint reference of the governments of the United States and Canada for an investigation of the Saint John river system with a view to the conservation and regulation of the waters of that system has not yet been submitted to the two governments. The commission stated in Washington on April 8, 1953, that it expects completion of the report of its engineering board by about June 1, 1953.

Following completion of the engineering board's report and its appropriate consideration by the commission, the commission will submit to the two governments its recommendations concerning development of the basin.

RADIO ACT

AMENDMENTS TO DEFINITIONS, REMOVING LICENCE FEE, ETC.

Hon. Lionel Chevrier (Minister of Transport) moved for leave to introduce Bill No. 337, to amend the Radio Act, 1938.

Mr. Green: Will the minister explain?

Mr. Chevrier: Mr. Speaker, the object of the bill is to put into effect the recommendations announced by the Minister of Finance in his budget speech, one of which was the abolition of the radio fees, and to make certain other minor amendments to the Radio Act.

Motion agreed to and bill read the first time.

CO-OPERATIVE CREDIT

MEASURE PROVIDING FOR ORGANIZATION AND SUPERVISION OF ASSOCIATIONS

Hon. Douglas Abbott (Minister of Finance) moved for leave to introduce Bill No. 338, respecting co-operative credit associations.

Mr. Knowles: Explain.

Mr. Abbott: The purpose of the bill is to authorize the incorporation of co-operative credit associations by special act of parliament and to provide for the inspection and supervision of these organizations. The bill in a good many of its particulars resembles the Trust Companies Act and the Loan Companies Act with respect to the supervisory and inspection powers of the superintendent of insurance.

Motion agreed to and bill read the first time.

QUESTIONS

GAGETOWN BRIGADE TRAINING AREA—HEADQUARTERS

Mr. Brooks:

1. Has the Department of National Defence decided on the location of the headquarters site for the Gagetown army brigade training area in New Brunswick?

2. If so, where is the headquarters to be located, and is it the intention of the department to start work and construction on headquarters this spring?

3. If no decision has been made yet as to the location of such headquarters, when may one be expected?

Mr. Blanchette: Mr. Speaker, in view of the fact that the minister answered this question in his statement to the house yesterday, may I respectfully submit that the question be dropped.

Mr. Speaker: Dropped.

"CURRENT AFFAIRS"

Mr. Diefenbaker:

What was the March, 1953, press run of "Current Affairs", published by the army bureau of current affairs?

Mr. Cote (St. Jean-Iberville-Napierville):

English	45,406
French	7,220
	52,626

It may be noted that the above quantities include copies requisitioned for use by the Department of National Defence and for sale and authorized distribution by the department of public printing and stationery.

"LA SEMAINE À RADIO-CANADA"

Mr. Diefenbaker:

What was the January, 1953, press run of the Canadian Broadcasting Corporation "Times" (English) and the Canadian Broadcasting Corporation "La Semaine à Radio-Canada"?

Mr. McCann: Canadian Broadcasting Corporation "Times" and "La Semaine à Radio-Canada" are issued weekly. For the week of January 25, 1953, the following number of copies was printed for each edition: Pacific edition, 1,800; Prairie edition, 7,600; Eastern edition, 7,725; French edition, 2,450.

KNOWN COMMUNISTS IN CANADA

Mr. Higgins:

1. How many known communists are there in Canada?
2. What is the approximate number in each province?

Mr. Garson: Mr. Speaker, the hon. member for St. John's East and I have discussed this question and have reached agreement that it might be dropped.

Mr. Speaker: Dropped.

COLOMBO PLAN—CANADA'S CONTRIBUTION

Mr. Catherwood:

1. What was Canada's total contribution to the Colombo plan, during the years ending March 31, 1952 and March 31, 1953?
2. For what purpose was this money used and in what amount?

Mr. Claxton:

1. In addition to the appropriation of $400,000 for technical assistance in each of the two years, parliament approved a contribution of $25 million for 1951-52 and the same amount for 1952-53 to assist in the economic development of countries in south and southeast Asia under the Colombo plan.

2. Expenditures or commitments against these capital assistance votes have been made for the following purposes and in the amounts indicated:

1951-52

India—

(a) $10 million for wheat.

(b) $4·5 million for trucks and buses for the improvement and extension of the Bombay state transport system.

(c) $500,000 for capital equipment for an irrigation and hydroelectric project.

Pakistan—

(a) $5 million for a cement plant in the Thal area where the Pakistan government is carrying out a large-scale refugee colonization scheme.

(b) $2·8 million for railway ties.

(c) $2 million for an air and geological survey of Pakistan's resources.

(d) $200,000 for agricultural machinery and related equipment for a model livestock farm in the Thal area. This is a joint Canadian-Australian-New Zealand project.

1952-53

India—

$5 million for wheat.

$3 million for equipment for a hydroelectric project.

$2·2 million for locomotive boilers.

Pakistan—

$5 million for wheat.

$3·4 million for equipment for a hydroelectric project.

$170,000 for three aircraft fitted with special equipment for use in the locust control program.

$500,000 to cover remaining costs of the cement plant project undertaken during the previous year.

Ceylon—

$1 million for fishing vessels, cold storage plant and technical personnel for a fisheries research and development project.

Several of these projects will yield revenue in local currency (counterpart funds) which will, in turn, be used by the government concerned, in consultation with the Canadian government, to finance further economic development.

QUESTIONS PASSED AS ORDERS FOR RETURNS

IMPORTS FROM UNITED KINGDOM BY FEDERAL GOVERNMENT

Mr. Coldwell:

What was the total value of imports from the United Kingdom made by the departments, agencies and crown corporations of the federal government for each of the years 1946 to 1952 inclusive?

POST OFFICE BUILDING, BROOKS, ALTA.

Mr. Wylie:

1. What was the total cost of the new post office building in Brooks, Alberta?
2. What was the cost of the furnishings in the various offices?
3. What price was paid for the lots?
4. From whom were they purchased?

LAWYERS OR NOTARIES PUBLIC, NEW BRUNSWICK

Mr. Noseworthy:

1. What lawyers or notaries public, residing in the counties of Sunbury, York, Saint John, Albert and Charlotte, in the province of New Brunswick, have acted as agents on behalf of any department or board of the dominion government, during the fiscal years 1948-49, 1949-50, 1950-51, 1951-52, and from April 1, to December 31, 1952?
2. What amounts have been paid to each and in connection with what services?

MOTION FOR PAPERS

INTERNATIONAL HARVESTER BUILDING, LONDON, ONT.

Mr. White (Middlesex East):

For a copy of all correspondence, papers, telegrams and other documents from January 1, 1949 to date, in possession of the Department of Public Works, including the expropriation proceedings and rulings regarding the purchase of the building in London, Ontario, known as the International Harvester building on York street, for the purposes of using it as a postal terminal.

Mr. Fournier (Hull): Mr. Speaker, would the hon. gentleman be kind enough to let this motion stand? It is the first time that it has appeared on the order paper, and I have not had an opportunity to look over the files.

Mr. Speaker: Stand.

CANADIAN BROADCASTING ACT

PROVISION FOR GRANT OF CERTAIN TAXES TO CORPORATION

Hon. J. J. McCann (Minister of National Revenue) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to introduce a measure to amend the Canadian Broadcasting Act, 1936, to provide that the Minister of Finance shall from time to time grant to the Canadian Broadcasting Corporation, out of the consolidated revenue fund, amounts equal to the taxes collected under part XI of the Excise Tax Act in respect of the goods mentioned in section 6 of schedule I to that act.

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

Motion agreed to.

ELECTRICITY AND FLUID EXPORTATION ACT

SUGGESTED INCREASE IN TERM OF PERMIT FOR EXPORT OF GAS

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, in view of the concern expressed during current hearings of the United States federal power commission over the fact that the permit issued under our Electricity and Fluid Exportation Act for the export of natural gas from the Peace river area to the northwest United States is for one year only, has the government given consideration to enacting a regulation making it possible to grant a permit for this particular export which will be in effect over a period of years rather than on the present year to year basis? The Minister of Trade and Commerce will realize the great importance of this project to British Columbia.

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, my hon. friend was good enough to give me notice of his question. The house will recall that on March 13 I dealt at some length with the government's policy with respect to the export of oil and gas. In the course of my remarks I pointed out that the government had issued an export licence to Westcoast Transmission Company Limited for the export of natural gas. The licence as issued was to be renewable from year to year, and the Canadian government was prepared to accept responsibility for providing gas in quantities as specified in the licence for the full period of the existing permit issued by the province of Alberta. This was of course contingent upon Westcoast meeting its obligations to supply customers in British Columbia.

Hon. members will be aware that the principal considerations in the construction and operation of any gas pipe line are that sufficient gas must be transported for such periods as will permit the amortization of the capital costs of construction; that adequate and continuing deliveries of gas must be assured to distributors to enable them to underwrite the capital costs of distribution; that adequate and continuing supplies of gas must be assured to consumers. Having

regard to these and other considerations, it now appears desirable to crystallize the undertaking given with the licence already issued to Westcoast. The government has therefore issued an amended licence to Westcoast Transmission Company Limited for a period of twenty-two years for the export of surplus gas, the volumes to be determined from time to time by the Canadian government but to be not less than the quantities specified in the permit. In so doing, the requirements of British Columbia will of course be protected.

Bearing in mind that without export the construction of this line would be postponed perhaps for all time, the government in reaching this decision also recognizes the unanimous resolution passed by the province of British Columbia endorsing this project, and the permit issued by the province of Alberta for twenty-two years, as well as the dedication by that province of the Peace river gas to this project. To enable the government to issue such a licence, it has been necessary to amend the regulations under the Electricity and Fluid Exportation Act, and this has been done. This amendment provides that in the case of export of surplus natural gas the period of the export licence shall be determined by the governor in council. Export licences for electricity and petroleum remain, as before, on a yearly basis.

Mr. Green: Will the amended regulations be tabled?

Mr. Howe: They will, yes. I should have added that the orders in council amending the regulations and providing for the issuance of the permit to Westcoast Transmission Company Limited will be tabled.

WHEAT

INTERNATIONAL WHEAT AGREEMENT—REQUEST FOR TABLING BEFORE CONSIDERATION OF MOTION FOR APPROVAL

On the orders of the day:

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, in view of the explanation given to the house on Monday with respect to the wheat agreement and the motion now standing on the order paper in the name of the Minister of Trade and Commerce, I would ask the Prime Minister if the international wheat agreement can be tabled for consideration before the motion is called.

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, it is intended to table the text of the agreement just as soon as we receive it from Washington; and the motion for concurrence will not be called until it has been tabled and members have had an opportunity of seeing the text.

FISHERIES

NEW PROCESS TO PRESERVE MEAT—POSSIBLE APPLICATION TO FISH

On the orders of the day:

Mr. S. R. Balcom (Halifax): Mr. Speaker, I would like to ask the Minister of Fisheries (Mr. Sinclair) if his attention has been drawn to an article appearing in the April 2 issue of the "Fisheries Council of Canada Bulletin" concerning a new meat preserving process developed by scientists of the Massachusetts Institute of Technology for the United States navy. If so, is he prepared to make any comments on this process at this time so far as it might apply to preserving fish?

Hon. James Sinclair (Minister of Fisheries): Mr. Speaker, the scientists of the national research council and the fisheries research board are aware of these researches at the Massachusetts Institute of Technology and the different methods of sterilizing food products using electro-magnetic effects. Some of this work is being carried on in national research council laboratories, but so far knowledge has not advanced to a point that makes industrial application of the new ideas practicable.

NEWFOUNDLAND—INQUIRY AS TO SPECIAL COMMITTEE TO INVESTIGATE STORM DAMAGE

On the orders of the day:

Mr. G. F. Higgins (St. John's East): May I ask the Minister of Fisheries when the special committee appointed to investigate storm damage to fishermen's gear will visit Newfoundland?

Hon. James Sinclair (Minister of Fisheries): I thank the hon. member for having given me notice of this question but, unfortunately, I could not read it.

Some hon. Members: Hear, hear.

Mr. Sinclair: I shall take his verbal question as notice and answer tomorrow.

NEWFOUNDLAND—TABLING OF REPORT OF JOINT COMMITTEE

On the orders of the day:

Hon. James Sinclair (Minister of Fisheries): Yesterday the hon. member for St. John's West (Mr. Browne) asked when the report of the Newfoundland fisheries development committee would be tabled in the house. This report is now being printed in Newfoundland and copies will be available for general distribution in about two weeks' time.

Meanwhile the committee has forwarded some mimeographed copies to the federal government. These are not complete since they lack the maps and appendices, but they do contain the committee analyses and its recommendations.

Sufficient of these mimeographed copies are not available for all members of the house, but for the convenience of those members particularly interested and of members of the press gallery I am tabling ten copies of the report as received by us yesterday. In addition a copy will be made available to each of the Newfoundland members.

These advance copies will permit the federal government to give the report immediate consideration and to reach early policy decisions on its implementation. These advance copies will permit also earlier discussions between the governments of Canada and Newfoundland on their respective responsibilities and joint undertakings in any development program.

IMMIGRATION

INQUIRY AS TO GOVERNMENT ASSISTANCE TO IRISH IMMIGRANTS TO CANADA

On the orders of the day:

Mr. G. K. Fraser (Peterborough West): Mr. Speaker, I would like to ask a question of the Minister of Citizenship and Immigration (Mr. Harris) which arises out of a press report stating that the largest single group of emigrants to leave Northern Ireland in the last five years is on its way to Canada and something more than a thousand are to follow. I would like to ask if the government is assisting in their passage.

Hon. W. E. Harris (Minister of Citizenship and Immigration): Mr. Speaker, I would have to look at the individual cases to see if any of them had qualified for assisted passage. I would assume that some have and I would be glad to give my hon. friend the details.

I wish to assure the house that we are delighted to have an additional group of Irish people coming to settle in this country.

Some hon. Members: Hear, hear.

Mr. Fraser: That is what I wanted to hear the minister say.

GRAIN

SUGGESTED REFERENCE OF REPORT OF BOARD OF GRAIN COMMISSIONERS TO AGRICULTURE COMMITTEE

On the orders of the day:

Mr. H. R. Argue (Assiniboia): I should like to refer to orders of the day for March 27, 1953, and ask the Minister of Trade and Commerce (Mr. Howe) if he has anything to say about whether or not the report of the board of grain commissioners will be sent to the agriculture committee so that members of the committee will have an opportunity to go over the report this session?

Right Hon. C. D. Howe (Minister of Trade and Commerce): My hon. friend is a member of the agriculture committee and I am not. If he will speak to the chairman of that committee, I am sure the chairman will be glad to tell him whether he intends to call the committee. If the committee is called and wishes any document in my possession I shall be glad to have it referred to the committee.

Mr. Argue: I wonder if the minister would tell me if he is prepared to have the agriculture committee called.

Mr. Speaker: Order.

Mr. Argue: Well, we have done it both ways.

Some hon. Members: Order.

FERRY SERVICE

YARMOUTH-BAR HARBOR—STATEMENT REGARDING CONSTRUCTION OF VESSEL

On the orders of the day:

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, the hon. member for Digby-Yarmouth (Mr. Kirk) asked me if I would make a statement on the position of the Bar Harbor-Yarmouth ferry. I am pleased to do so now.

On November 7, 1952, authority was given for entry into a contract with the Davie Shipbuilding and Repairing Company Limited of Montreal, for the construction of an automobile ferry between Yarmouth, N.S., and Bar Harbor, Maine. The specification called for delivery of the vessel within eighteen months from date of contract, as well as engines which would guarantee a service speed of 18½ knots.

Deliberations began immediately between the technical officers of that company, the naval architect and officers of this department.

It became evident that the specification, which had been prepared by the naval architect, did not provide for sufficient power to allow the proposed vessel to operate on a service speed of 18½ knots. This fact, plus some doubts expressed by the contractor as to the stability of the vessel as designed, made it necessary that tank tests be per-

formed in order to ascertain unequivocally the speed and stability of the vessel.

The tank tests were performed in England and the United States, and the results substantiated the contention of the shipyard as to the two points mentioned above. This has, therefore, brought about some redesigning and alterations in the ship as originally designed, which the shipyard has been authorized to perform.

Davie Shipbuilding and Repairing Company guarantee that the vessel will be delivered eighteen months after contract is signed. This means that the ship will still be delivered in 1954, but unfortunately it appears doubtful that it will be economically feasible to begin operation in late 1954. It would be preferable to delay the opening of the service to the summer months of 1955, when traffic would be available in sufficient volume to allow the economic operation of the service.

SUPPLY

Hon. Alphonse Fournier (Minister of Public Works) moved that the house go into committee of supply.

SALES TAX ON DRUGS USED IN HOSPITALS

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, before Your Honour leaves the chair I wish to raise a matter and I assure you and the house at the outset that it will only take a few minutes, and I have no amendment up my sleeve. My reason for raising this now, rather than on the orders of the day where I might have done it, is that it would have taken me a little longer than is permitted at that stage of our proceedings.

I have had brought to my attention by a person in Montreal something which rather amazes me. Indeed when this correspondent first wrote to me about the matter I could hardly believe what he told me and I asked him to submit the evidence to which he had referred. I have now received this evidence in the form of a bill from the Montreal General Hospital and I should like to draw it to the attention of the Minister of Finance (Mr. Abbott) and have his comment on it. I hope there is an error.

This is a bill, as I have already said, from the Montreal General Hospital, account No. C93951, under date of March 23, 1953, and the total amount of the bill happens to be $70.61. One item on it is for medicine, $5.10, and further along in the same line where "medicine" is printed, are the words

"federal tax 10 per cent". In this case 51 cents has been added to the cost of these medicines.

It has been my understanding from the law, from debates in this house, and from my own unfortunate experiences in having to pay hospital bills, that medicines supplied to hospitals are not subject to federal taxes. I assume in this case that the reference is to the sales tax. I have in my hand, as a matter of fact, another hospital bill and this one comes from Manitoba. It happens to be one for which I was responsible myself and it has on it an item which corresponds to the same item on the Montreal bill—"ordinary drugs". The amount is $5.60—being one item in the total bill. There is no reference of any kind to any tax, federal or otherwise.

When I look into the legislation in connection with this matter, namely the Excise Tax Act, I find that articles and materials for the sole use of any bona fide public hospital, certified to be such by the Department of National Health and Welfare, when purchased in good faith and for use by the hospital and not for resale, are exempt from the sales tax.

Mr. Abbott: But they are selling them.

Mr. Fraser: They are administering them.

Mr. Knowles: I anticipated that the minister might make that comment and, as a matter of fact, Mr. Speaker, I took this point up with my correspondent in Montreal; and he told me these were drugs administered to the patient while she was in the hospital. It was exactly the same in the case of the bill from Manitoba which I have in my other hand. In both cases these were drugs purchased by the hospital and used for the benefit of the patients while they were in the hospital. They are paid for as part of the hospital bill. In one case, that of the Manitoba bill, apparently no sales tax has been added; but in the case of the Montreal General Hospital a tax has been added and it is indicated on the bill that it is a federal tax of 10 per cent. I draw attention to the fact that it is a printed form, so it must be standard practice in the case of the Montreal General Hospital. The form for Manitoba is likewise printed—

Mr. Abbott: Manitoba should charge the tax.

Mr. Knowles: —but there is no place on it for the addition of such a tax. I submit that if what the minister is now saying is the case, then the public have been deluded as to the meaning of the provisions in the Excise Tax Act that drugs and medicines

for use in bona fide hospitals are not supposed to be subject to the excise tax. I quite understand that, if the hospitals were reselling medicines for patients to take home, they would have to be regarded in the same light as drugs purchased at an ordinary drugstore. I, for one, do not think even those drugs should be subject to tax, but as yet we have not been able to persuade the government to change the law in that regard, although as the minister knows we shall continue our efforts in that connection.

My point now, Mr. Speaker, is that it does seem to me that the spirit if not the letter of the law is not being followed in this case, and that in my view hospitals should not be required to add that federal 10 per cent tax to drugs purchased by them and used for the benefit of patients in hospitals on the direction of physicians attending those patients. As is being suggested by my friends around me, it is certainly part of the hospital treatment, just as much as other items. For example, this patient in Montreal had a bill for routine laboratory tests, and a bill for X-rays. In the case of Winnipeg, there are laboratory tests, electrocardiograms, intravenous and other items. In both cases the drugs were part of the treatment being administered by the hospital.

As I say, I am not at this moment trying to deal with something that might be out of order at this stage since we have passed the excise tax bill, namely that drugs purchased outside of a hospital should be free of tax. But certainly it is incredible and astounding that the public should be deluded, which is what is happening if drugs purchased by a hospital, and used on the direction of a physician while a patient is in the hospital, are being made subject to the sales tax. I make my plea to the minister that this practice be discontinued.

Hon. Douglas Abbott (Minister of Finance): Mr. Speaker, this matter is very simple. Where drugs or any other taxable products are purchased by a hospital for use by the hospital, they are free of sales tax. But where hospitals sell to patients at a hospital, as is the case where their dispensaries sell drugs and other products, which if purchased from a retail druggist would be subject to sales tax, then they are obliged to charge the patient the sales tax. I am sure that is exactly what happened in the case the hon. member has cited of the Montreal General Hospital. The dispensary sold to the patient at retail prices the particular drug or medicine in question. If the hospital buys alcohol or liniments or any other drugs, and does not sell them to the patient but includes them in the general hospital bill, then of course they would not be subject to tax. Most hospitals operate a dispensary which, in essence, is the same as a prescription druggist. They sell to the patient drugs which are subject to sales tax, and that is all there is in this case.

Mr. M. J. Coldwell (Rosetown-Biggar): I think that is something that is indefensible.

Mr. Abbott: Well, why should one pay more and another pay less?

Mr. Coldwell: A hospital obtains its drugs from a wholesale druggist, and those drugs are prescribed by a physician and given under the direction of a physician.

Mr. Abbott: And sold at retail prices.

Mr. Coldwell: I do not know whether or not they are sold at retail prices.

Mr. Abbott: Why should a man pay one price for drugs in a hospital and another price when he is at home?

Mr. Coldwell: My understanding is that the hospital sells these drugs at a price to cover the cost of handling the drugs.

Mr. Abbott: And they make a profit on them.

Mr. Coldwell: I do not know. I have never examined the statements of a hospital in that manner, although I was a member of the board of governors of the Regina City Hospital for many years. I cannot tell you whether or not a profit is made on the drugs, but I do not believe that the payment of a handling charge is a profit. It seems to me that when a patient is in a hospital and the doctor prescribes certain drugs which are administered by nurses in the hospital, that is a part of the general treatment given in the hospital. Such a case is not in the same category as when I go to the druggist, buy certain drugs on a prescription and administer them myself. The two things are quite different.

As I understand it, in some of our provinces—I believe this is true in my own province—drugs are given under our hospitalization plan, and practically all the drugs prescribed by a physician are regarded as part of the hospital treatment. Certainly, this is a new principle, and I think if it were put into effect across Canada it would cause a great deal of difficulty.

Mr. Abbott: A good many doctors provide their own drugs, and they have to charge the sales tax. Why should a person who happens to go into a hospital get a special benefit?

Mr. Coldwell: I am not going to argue the matter, except to say this. I cannot

understand the justice of it. There is no justice in it. It is one of those abominations that the government has—

Mr. Abbott: If I may be allowed, Mr. Speaker, I want to make this point and ask whether any reasonable man has an answer to it. It may be that these things should not be subject to sales tax. I am not going to discuss that now. But if they are subject to sales tax, why should one man pay the sales tax when he is using the drug in a hospital, and another man not pay it? My point is that everybody should be treated the same. If the drugs are subject to sales tax, because a man is able to be treated in his own home by a doctor without going to a hospital, why should he pay a higher price there than if he were in the hospital? Why should he pay a higher price if the doctor dispenses the drug himself and charges the sales tax, as he must do, whereas if he were in hospital he would not have to pay the sales tax.

The reason, of course, for the exemption of hospital purchases from sales tax is that it is rightly assumed that hospitals are non-profit organizations. They are supported by public subscriptions, state assistance and so on. It is felt that the general purchases of the hospital for its supplies should not be subject to sales tax, but people who are being treated in the hospital and who use taxable articles, whether drugs or anything else, should pay their tax just the same as the man who does not go to hospital. I think it is going a long way to call this an abomination and all the other strong words that have been used. My suggestion is that this practice treats everybody fairly. Perhaps one could argue that the tax on drugs should be eliminated, but I am not going to argue that now. So long as the tax is imposed, the man who uses the drugs in the hospital should not be exempt.

Mr. Donald M. Fleming (Eglinton): The minister has said that this is a simple matter. Perhaps the trouble with it is that, in the view of the government, it is a little too simple in so far as their approach is concerned. The matter is not new. This same question has been raised in the house before. I recall several years ago having just such a hospital bill as the member for Winnipeg North Centre (Mr. Knowles) has presented today, and raising the question at that time.

The point is made that this is not a fair application of the statute. The minister says, well, if the drugs are used by a hospital and are not resold to the patient, then they are exempt. But, Mr. Speaker, let us look a little more closely at that. When does a hospital use drugs? Does the hospital not use them on patients? Of course, the hospital always uses drugs on patients and that is the only reason the hospital has them; that is the use the hospital makes of them, unless it is in the course of research.

Mr. Lesage: What about the operating room?

Mr. Fleming: Are they not then used on patients?

Mr. Lesage: Yes, but the patient does not pay extra.

Mr. Fleming: This is an attempt to draw a fine distinction which does not exist. The way in which a hospital uses drugs is on patients and for the benefit of patients. The minister is trying to draw some distinction between drugs used by a hospital and those drugs which are paid for by the accounts the hospital renders a patient. If a hospital uses drugs at all, they are used on patients in every case, so far as I know. Why then should a distinction be drawn in a case of that kind, simply because the drugs are put on the bill? In many of these cases the patient who is paying his bill is the patient who is helping to meet the expenses of the hospital, quite apart from the cost of drugs. I think this is a case of discrimination.

If the minister has not a better answer to the question than he has given this morning, and if he can only say that he defends it because to do otherwise would be discriminatory—a point of view that I do not share because I think the way he is applying the act now is discriminatory—let him do away with all of these taxes on drugs. These taxes are causing great hardship for many people. Why should the government—

Mr. Speaker: Order. I do not think that a debate on that subject would be in order at this time.

Mr. Fleming: Mr. Speaker, may I remind you that this is a motion to go into supply and this is a point that has been raised. The minister himself has touched on this point in his reply. I am dealing with the point that he has made.

Mr. Speaker: The excise tax bill was before the house this session.

Mr. Fleming: With respect, Mr. Speaker, may I say that there has not been any bill dealing with this particular subject. We had some discussion about the sales tax in general on the bill to amend the Excise Tax Act. However, I content myself by simply making this point, and I do not intend to labour it. If the answer the minister has

given this morning is the best answer he can give when the point is made that the government is, in a discriminatory manner, charging sales tax on drugs furnished to patients in hospitals, then the proper course for him to follow is to bring in legislation that these taxes on drugs be done away with entirely.

Mr. Solon E. Low (Peace River): Mr. Speaker, I should just like to say a word also in protest against what appears to be an unfair practice by some hospitals, as has been drawn to our attention by the hon. member for Winnipeg North Centre (Mr. Knowles), while others do not resort to it. I was a little bit surprised that the minister should himself get excited over this matter.

Mr. Abbott: I am not excited.

Mr. Low: I think he should look at the whole thing in his usual calm manner. When he does so, I am sure that he will realize—

Mr. Abbott: I just do not like the use of words like "abomination" when they are not justified.

Mr. Low: The procedure which is used by hospitals generally, I believe, is this. Their drugs taken out of their dispensary for the use of patients in a general way while the patients are in the hospital are provided as a part of the services given by the hospital just as the services given in the case of anaesthesia. The Minister of National Revenue (Mr. McCann) points to the fact that anaesthesia involves the use of drugs. I know, Mr. Speaker, that on this bill provided by the Montreal General Hospital anaesthesia is charged for separately from all other items and there is no federal sales tax on it although anaesthesia in this case involves the use of drugs. That is a point in support of what my friend the hon. member for Winnipeg North Centre (Mr. Knowles) has said.

Then there is the further practice, Mr. Speaker, that hospitals often follow and it is this. When a patient is about ready to go home, the doctor attending the patient sometimes prescribes drugs that are supplied by the hospital's dispensary. If those drugs were taken home by the patient to be used there, I could quite well understand how the sales tax would apply. The important thing to remember, however, is that the great bulk of the drugs that are charged for on these bills—if not all of them—are drugs that are supplied in the normal course of treating patients within the hospital. In those cases, Mr. Speaker, I am sure that it was intended that those drugs should be tax free under the Excise Tax Act. If the Minister of Finance (Mr. Abbott) will look at the matter fairly and unemotionally, I am sure he will see that it is right that we should ask for a correction of what appears to be an abuse of the law. I am certainly going to add my voice in protest against the practice that seems to be carried on by the Montreal General Hospital—and there is no telling how many others—of charging tax when they ought not to do so according to the law.

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, it is unfortunate that this matter could not have been settled outside of the realm of public discussion. As I understand the problem now, perhaps Montreal may be the only section of Canada where the tax is being applied in this way. The hon. member for Winnipeg North Centre (Mr. Knowles) says that it is not charged in Manitoba. I do not think it is charged in Nova Scotia. At least I have paid a number of hospital bills and have never had a sales tax item on them. As a result of this discussion we may get all the hospitals in Canada adding sales tax to their drugs.

Some hon. Members: Oh, oh.

Mr. Gillis: It would be unfortunate if that happened.

Mr. Knowles: That would mean the end of this government.

Mr. Gillis: I do not agree with the minister when he interprets the administration of drugs in a hospital as being a resale of drugs. If you purchase drugs from a drugstore, you expeet to pay the sales tax. If a doctor prescribes a specific drug for you and if you are conscious and you take the prescription to the drugstore, you buy the drug and you expect to pay the sales tax. But if you are taken into a hospital when you are in a serious condition such as, for instance, when you may require an operation, you are not buying anything; they are not selling you anything. The doctors and the hospital staff are deciding what is best for you.

Mr. Low: And you have to take it.

Mr. Gillis: While you are in a semi-conscious condition they are administering drugs to you; you are not doing any buying at all. It is an involuntary act, as far as you are concerned. Then, on the other hand, there is quite a big difference between the price of drugs in a hospital and that outside of a hospital. I refer to drugs like penicillin, aureomycin and streptomycin. All of those important drugs today you can get at least 50 per cent cheaper in hospital than you

can outside. That fact leads me to believe that the hospital purchases in bulk. They buy direct from the manufacturer and they can afford to sell the drugs that much cheaper than the ordinary druggist.

Mr. McCann: Yes; but they do not.

Mr. Gillis: They do in my section of the country. For example, I can go and get a penicillin needle in hospital for 90 cents, and I will pay $2.50 outside for it. In this city I think you will pay $5 if you get a shot of penicillin outside the hospital. The resale of drugs and the prices charged are matters which require a great deal of examination across Canada, in my opinion. But I think there may be something in this feature also. Perhaps as to the Manitoba hospitals and the Nova Scotia hospitals who do not carry that item of federal tax on their bills, there may be a difference in their accounting systems. Perhaps that tax is wrapped up in the cost of the drug that is administered in the hospital.

Mr. McCann: That is the whole point.

Mr. Gillis: That may be true. But as a result of this discussion I think the minister should assure this house that, in so far as he is concerned, he is going to take a look at this matter, is going to determine whether it is the method of accounting that raises this issue with respect to the Montreal hospital, have a general understanding with the hospitals on the point, and try to give us some information before the house rises. As I say, I think it is unfortunate that a discussion like this took place. If the matter is properly examined with the minister, through the medium of his department, I think there is a reasonable answer to it somewhere that would dispel the kind of thing that we are getting today, namely that one hospital in Montreal is violating the regulations in charging this tax. Anyway, I wish the minister would assure the house that he will take a sensible look at the matter and give us some information on the point at a later time in the session.

Mr. Abbott: I am sure the Minister of National Revenue (Mr. McCann), will do so; and he is highly competent to do so because he knows something about it.

Hon. J. J. McCann (Minister of National Revenue): There appears to be a misconception with reference to the application of the sales tax as far as hospitals are concerned. With respect to whether or not there should be a sales tax on drugs, I am not going to say anything this morning. That is one separate question; but in the administration of the affairs of the Department of National Revenue, in the eight years that I have been there, there has always been a sales tax on drugs which have been dispensed by a dispensary within the hospital that provides the drugs. And there is no difference between—and there should be no difference between—a patient, we will say, in Montreal who lives on Sherbrooke street and who is ill and is attended at home, and who sends his people to the drugstore and buys a bill of goods on which he has to pay a sales tax, and a patient in a hospital. What is the difference between that fellow, from the point of view of treating everybody the same, and the chap who is in the hospital and from the dispensary within the hospital has drugs supplied to him and the sales tax is added?

As the hon. member for Cape Breton South (Mr. Gillis) said, it is the way in which it is shown. I feel quite confident that in the case illustrated by the hon. member for Winnipeg North Centre (Mr. Knowles) the sales tax was paid and he did not know it, and the sales tax has been included in his bill; whereas in the Montreal case it is shown up as a separate item. I think that is a more honest and fair way of doing it. It should be shown up as a separate item. In every hospital throughout the country that is subject to sales tax on drugs, the tax is collected.

There is a difference between drugs that are given to the individual and those that are bought for general hospital use, such as alcohol, liniments or disinfectants. You could not set up an accounting system that would deal with the amount of these articles that are applicable to the account of each individual patient, but where a patient specifically gets a bill of goods for drugs that are used in his treatment in the hospital, or to take home, the sales tax is either added or included in the general bill.

EXPENSES OF VICTORIA CROSS WINNERS TO CORONATION

Mr. H. O. White (Middlesex East): I want to deal with an entirely different subject, to bring it to the attention of the house and of the government before we go into supply. The question I wish to raise has already been brought up in the house. Therefore I am going to be very brief.

I feel that we as Canadians think it is just a bit of a disgrace that the winners of the Victoria Cross in the two world wars, while being invited to the coronation, are not going to have their expenses paid. Many of them are not in a position to go otherwise. I think I speak for Canadians generally, all

of them, when I say that they would appreciate it if the government would change its mind and see fit to pay the expenses of those men to the coronation.

STRIKE OF GRAIN HANDLERS AT VANCOUVER

Mr. J. G. Diefenbaker (Lake Centre): There is one matter I should like to raise before you leave the chair, Mr. Speaker. It has been raised on other occasions in the house. It has to do with the grain handlers' strike in Vancouver, which has continued on and on during the weeks, with deteriorating effects upon the marketing of wheat. As I understand it, within the last couple of days, the Prime Minister (Mr. St. Laurent) has received a telegram from the president of the Saskatchewan farmers' union in reference to this matter. Reports have been made almost from day to day by the Minister of Labour (Mr. Gregg), but apparently the situation in Vancouver is no nearer solution than it was weeks ago.

While the delay in settlement continues, the serious situation with respect to marketing is being continued and intensified. I hold in my hand a copy of a telegram that was sent to the Prime Minister by Mr. Phelps, the president of the Saskatchewan farmers' union, and I bring it to the attention of the house as the views expressed by the provincial board of the Saskatchewan farmers' union now in session in Saskatoon. The telegram was sent to the Prime Minister on April 14 and reads in part as follows:

> Provincial board Saskatchewan farmers' union meeting special session appreciate government's efforts resolve dispute Vancouver terminal elevators. Farmers increasing concern its continuation if further efforts along lines previously pursued fail in accomplishment . . .

The government is requested to take certain drastic courses by the union, or in any event—

> —to request the prairie farm unions to negotiate settlement immediately between companies and union which we are prepared . . .

That is, to consider settlement. The strike has continued for a very long time. Much has been said of the success attained in the settlement of the impending railway strike a few months ago. This is one that affects the farmers of the western provinces to a degree that few of us really appreciate, and it has exercised the minds of farmers throughout the west to a degree that I have not seen in a considerable period of time. I would appreciate it very much if the Prime Minister would say what his reaction is to the representations that have been made, the last one by the farmers' union, and also whether he is in a position, as leader of the government, to hold out any hope of an early settlement of this matter which is having a most detrimental effect—and the longer it continues the more serious the effect will be.

Certainly no one can say that an endeavour has not been made by the representatives of the Department of Labour to achieve something in the nature of a settlement of this matter. However one suggestion that has been made—and I repeat it—is that the representatives of the companies and the workers be brought to Ottawa in order to discuss the matter with the Prime Minister and the Minister of Labour. I believe that bringing them face to face with the cabinet, in the same way as was done in the other matter of recent days, could not but have beneficial results. For some reason the attitude of the Minister of Labour has been that such a course would not hold out any hope of beneficial results. Something must be done. The situation becomes more serious day by day. To follow such a course would result in neither side having to make any retreat from its position, but it would give the Prime Minister and the Minister of Labour an opportunity, in a face to face discussion with the representatives of the companies and of the workingmen, to achieve a measure of conciliation and compromise without which this matter will not be settled. The longer it takes, the more dangerous it is going to be and the more difficult of settlement. I suggest that the Prime Minister use his offices in that regard.

I suggest that the Prime Minister use his offices to bring these two jarring elements together and thereby do something definite to settle a matter which is becoming more insoluble as the days go on. All of us know that without the opportunity of conciliation being available, in the manner it would be should these people be brought into consultation with the Prime Minister and the Minister of Labour, the more difficult it is going to be. I suggest that the farmers in western Canada do expect something in the nature of action such as that in order to achieve a settlement at the earliest possible date.

Mr. H. R. Argue (Assiniboia): Mr. Speaker, I should like to associate myself with the remarks of the hon. member for Lake Centre (Mr. Diefenbaker). I believe that the grain handlers' strike is most serious as far as the grain producers of western Canada are concerned. The fact that this strike is going on prevents the sale of tens of millions of bushels of grain.

Mr. St. Laurent: Oh, no.

Mr. Argue: Oh, yes, it cannot help but do that. With our present surplus position in grain it is essential that it be moved as rapidly as possible. A great many of the farmers on the prairies still have their granaries full and there is great need of their being able to deliver larger quantities of grain. It is essential that this strike be ended as quickly as possible.

I believe that in offering their services to mediate this strike the farmers' union organization did something that was most statesmanlike. It was astounding to me that the parties which turned them down were the grain companies rather than the grain handlers' union. When a settlement is reached, if it results in an increase in wages it will be the grain producers who will pay that increase in the final analysis. Here you have a situation where the people who are going to pay any increases which will result have offered their services to negotiate this strike and they have been turned down by the grain companies. I say that in any effort which I hope the Prime Minister will make to settle this strike pressure will need to be brought to bear on the grain companies.

I know that any strike puts the government, the producers and everyone else in a difficult position. This strike has gone on a long time and seems to be no closer to settlement. It has had a most adverse effect upon the movement and sale of Canadian grain at a time when it is most essential that our large surplus of grain be moved to market. The government should step in; the Prime Minister (Mr. St. Laurent) should step in. He was successful in the past and I think if he brought the same efforts to bear on this situation as he did in the case of a previous situation we might have the same happy results.

Mr. Robert Fair (Battle River): Mr. Speaker, I believe it is fully realized by now that it is about time this strike in Vancouver was settled. It has been going on now for approximately sixty days and apparently the efforts made by representatives of the Department of Labour have not been successful in bringing it to a conclusion. I am not going to suggest any measure that should be adopted by the government, as I think that is their business, but I do believe that the marketing of wheat is of sufficient importance that the government should take action without any further delay.

Many people think that the farmers are rolling in wealth, but that is not correct. I have had many letters from individuals stating that they are not able to deliver their quota, which in most cases is up to 15 bushels at the present time. I have had resolutions from local farm unions, one in particular from the Dewberry local. This resolution, along with others, asks that action be taken immediately to settle this strike. As has been pointed out, we have large quantities of wheat to dispose of and no time should be lost so that it can be got to the markets of the world.

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I do not think it would be helpful toward a settlement of this strike for me to go into details at this time, but I can assure hon. members that we are fully aware of the seriousness of the situation. We are also aware of the old proverb that you can lead a horse to water but you cannot make him drink. We are doing our best to provide opportunities for settlement and it may be that there will come a time when more than entreatments will be required to bring about an end to this situation. The methods that have sometimes been adopted in the great country to the south have never yet had to be resorted to in this country. I do not think it would be helpful to say anything further about the efforts that are constantly being made to bring about a settlement.

The matter of inviting the parties to come and meet us here in Ottawa has been considered. We have been told that the elevator operators would be represented by their lawyer. He would come here with limited authority and would not have the same freedom of negotiation that I found possessed by the presidents and vice-presidents of the two railway companies when we were considering the means whereby a railway strike could be avoided. If it were possible to have those who would have authority to make a settlement sit down with us we would be glad to discuss the matter with them, but after investigation we were told that we would not have here the parties who had full authority to make a settlement. It would serve no useful purpose to have representatives with limited authority to discuss the matter with us here.

This strike is not something which can be allowed to continue indefinitely. It is causing harm every day it lasts and the means that might have to be taken to put an end to it might have consequences which are still in the balance and about which we have not come to a conclusion. We do not want to be autocratic. This is a country where such autocratic methods have never had to be resorted to and I hope they never will

have to be resorted to. But you do not always see your hopes realized.

All I can say is that these elevators are required to serve the economy of the nation and they cannot be allowed to remain idle indefinitely. I think that that is all I should say at this time.

Mr. Diefenbaker: Would the Prime Minister permit a question, which I ask just for the purpose of getting information? Has he asked these various elevator companies to send representatives and have they refused to do anything but send one lawyer to represent them, he being without authority?

Mr. St. Laurent: I must confess that this matter has been handled by the Minister of Labour (Mr. Gregg), and the information I have had is that if we were to invite representatives the representative would be the lawyer who has been handling the correspondence and that he would not come here with sufficient authority to be able to make a settlement.

Mr. Argue: Is the Prime Minister prepared to invite the heads of the elevator companies to come to Ottawa so that the strike may be settled at an early date?

Mr. St. Laurent: I received the telegram to which the hon. member for Lake Centre (Mr. Diefenbaker) referred and immediately turned it over to the Department of Labour. The Prime Minister has confidence in his colleagues and prefers to have them deal with matters which are within their respective fields, but he is always ready to give them whatever assistance they feel can be of use in bringing about results.

Mr. Diefenbaker: I think the Minister of Labour needs assistance now.

Mr. St. Laurent: Well, when the matter of the dispute between the railways and their operatives was under discussion I was asked by my colleagues, the Minister of Labour and the Minister of Transport (Mr. Chevrier), to take part in the discussions and negotiations. There I felt that, knowing personally the presidents of these big undertakings and knowing personally the leaders of the labour unions, I could be helpful in the course of the discussions. Unfortunately I do not know personally either the owners of these elevators or the leaders of the union, and I must confess that I know very little about the operation of elevators. I do know that it is a relatively small group of elevators that are involved in the strike and that whatever settlement is made is apt to affect not only these three or four or five elevators but also the whole industry all over the country. That is something which requires to be handled with tact.

All I can say is that no government would be discharging its responsibility if it allowed these essential implements of the grain trade to remain indefinitely out of service. Therefore I think that one must exhaust all possibilities of getting the parties to reach an agreement before looking upon it as a case where expropriation proceedings, or the equivalent thereof, are justified.

Mr. Diefenbaker: That is why I suggested the undrastic way of having them come down here.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, I venture to make a comment on this matter only because I find myself greatly surprised at the reason which the Prime Minister (Mr. St. Laurent) gave, namely that if the parties were asked to come here they would come without authority. It is very difficult for me to believe that if responsible people were asked to come to Ottawa by the government of Canada to discuss a matter they would venture to come and then say that they had no authority to represent the parties.

In the second place, the Prime Minister gave another reason which surprised me even more. He said that in the case of the railways he knew the parties concerned personally and in this case he did not. I venture to say with deference that surely that could have nothing to do with it. The parties will know well enough who the Prime Minister is. Having regard to the fact that sixty days have elapsed and also the urgency of the problem as indicated by members from Saskatchewan, frankly I feel that the reasons the Prime Minister has given are unconvincing.

Mr. J. A. Ross (Souris): Mr. Speaker, I should like to add a word in support of the request that some further action be taken at this time. I was a bit disappointed with the remarks the Prime Minister made, but taking his own argument I should think that there is a real reason why he should intervene now. I would also think that the Minister of Trade and Commerce (Mr. Howe) would have a very direct interest in the matter because he is the minister of the government responsible for these elevators and the marketing of grain. With the many weeks that have gone by, the situation has become very embarrassing and is causing considerable loss to western farm producers. While recognizing that the Minister of Labour (Mr. Gregg) and his officials have done a great deal toward trying to bring about a settlement, I think that the Prime Minister should now invite

the heads of the grain companies and the heads of the labour unions to come here. He and the Minister of Trade and Commerce should take a hand with the Minister of Labour to bring about a proper settlement in the interests of the producers who are being so embarrassed at this time. I would think these ministers should be vitally concerned about the matter and I hope that some action will be taken in the immediate future.

Mr. St. Laurent: I hope I have not given the impression that the Minister of Labour was not conferring both with the Minister of Trade and Commerce and with myself about each move that he has made to try to bring about a settlement of the problem.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, without extending the discussion, may I point out to the Prime Minister (Mr. St. Laurent) that he has made one statement which has a bearing on the desirability now of inviting the representatives of both parties. He has said that it is not possible to contemplate the results that would follow a long delay in the settlement of the strike. Without going into details, that implies a type of solution that the Prime Minister said he does not wish at the present time. If that possibility is in the background, then it would seem that it should be communicated to the representatives of both parties so that they will have an opportunity of considering what they should do in the light of that possibility.

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

DEPARTMENT OF MINES AND TECHNICAL SURVEYS

Administration services—

212. Departmental administration, $420,566.

Item stands.

DEPARTMENT OF THE SECRETARY OF STATE

419. Departmental administration, $216,964.

Item stands.

DEPARTMENT OF NATIONAL DEFENCE

Defence services—

241. To provide for the Canadian forces, the defence research board and other expenditures relating to defence, including contributions toward the military costs of the North Atlantic Treaty Organization; to authorize expenditures in the current year out of the amount hereby provided, not exceeding $324,000,000, under the provisions of section 3 of the Defence Appropriation Act, 1950, and to provide that, notwithstanding subsection 3 of that section, where equipment or supplies acquired by the Canadian forces after March 31, 1950, are transferred, the estimated present value thereof shall, if the governor in council so directs, be credited to this vote instead of being paid into the special account mentioned in the said subsection 3, and when so credited may be expended for the purposes of the Canadian forces; and notwithstanding section 30 of the Financial Administration Act to authorize total commitments for the foregoing purposes of $3,994,895,578 regardless of the year in which such commitments will come in course of payment (of which it is estimated that $1,971,926,275 will come due for payment in future years), $1,960,159,633.

Mr. W. G. Dinsdale (Brandon): Mr. Chairman, last evening when the house rose I was discussing certain matters of interest arising from the general presentation of the Minister of National Defence yesterday and pointing out the difficulty that a private member faces in obtaining information on this important subject. As a result my discussion will largely take the form of questions and queries.

I was reviewing some of the attempts that I have made thus far to obtain information with respect to welfare services for the troops, a matter that interests me as well as other members of the house. On November 27 last I placed on the order paper a question to which I received a rather blunt and peremptory reply. I pursued the matter in another question asking for further details. The question I submitted on February 5 read as follows:

1. What welfare service is now being provided at unit level for troops serving (a) in Korea, (b) in Germany?

2. What staff at unit level is detailed exclusively to welfare service duty (a) in Korea, (b) in Germany?

3. What voluntary welfare organizations are serving (a) in Korea (b) in Germany? How many personnel are involved?

4. What Canadian amenities e.g. movies, news, comforts, etc., are available to Canadian forces abroad and how are these distributed?

That question was passed as an order for return and the return has not yet been brought down in the house, so I am still very much in the dark.

In a final effort I attempted to have the documents relating to this subject tabled, and that request was turned down. Therefore, I want to pursue this matter because, in spite of the fact that the minister has expressed the viewpoint that to resort to voluntary welfare services would be uneconomical, unnecessary and unwise, I still feel that there is considerable interest in this subject. That interest is displayed in recent reports from the organizations most concerned.

I was going to quote last evening from an article in the January issue of the *Legionary*, the official organ of the Canadian Legion in Canada. The Legion had directed a letter to the minister asking for information concerning the present attitude of the govern-

ment towards welfare problems. One or two excerpts from the minister's reply are interesting:

> At present we have a brigade group in Korea, a reinforcement group and other units in Japan, an air force wing and a depot in England, a brigade in Germany and an air force wing in France.
>
> The heads of the three services consider that it would be unwise, uneconomical and unnecessary to establish at all these places the five welfare agencies (Canadian Legion, Y.M.C.A., Salvation Army, Knights of Columbus, Red Cross) that we used during the second world war and I agree with them.

Now, that is substantially the same reply, only much briefer, that I received to my question on November 27. Another excerpt from the minister's reply is interesting:

> From what I have seen and from the advice given to me by those whose responsibility it is, the conditions of service, general amenities and welfare services of the Canadians today are, having regard to the situation they are in, in every way as good and in most ways better than during the second world war.

That is rather an aspersion on the type of service that was offered by the voluntary organizations during world war I and world war II. From my knowledge of their activities, I think it would be pretty hard to supply the type of welfare services that those organizations provided during world war II; and I would doubt very much if what pertains to units serving abroad is equal in every respect today to the type of service which we who served in world war II were privileged to enjoy.

I come to another section of the reply:

> As far as the 27th brigade is concerned, the same is true, but they are located in the neighbourhood of Hanover, a large city, with of course all the opportunities for religious worship, entertainment and sightseeing that a large city offers.

The implication there is to the effect that because the 27th brigade is located in a large urban area it would be possible for them to enjoy the social amenities extended to the German civilian population. However, recent reports from the well-known journalist, Bill Boss, would indicate that the situation is just the reverse—and that one of the major problems in Hanover is the inability of the troops to fraternize with the civilian population. The troops are regarded rather coldly and the explanation, as I have read it in these interesting dispatches, is that the residents of Hanover are rather standoffish people who do not easily extend hospitality to strangers in their midst. That, of course, may be a carryover from the situation that prevailed during world war II, but definitely according to reliable press dispatches—and unfortunately we have to depend on press dispatches in these matters as we are not able to determine from official sources—the situation with respect to the 27th brigade has not been realized as it was anticipated in the reply to the Canadian Legion by the minister.

Now, I will move along to the Y.M.C.A.'s interest in this matter. There was a press dispatch in the *Globe and Mail* of February 27, 1953, reading as follows:

> The Y.M.C.A. will press the government to do something about lack of recreational facilities in the army, both in Canada and overseas, when the annual national council meets today at the Royal York hotel.
>
> A report to be tabled announces that the "Y" is already working with leaders of the Salvation Army, Y.W.C.A., the Canadian Legion, and the Knights of Columbus on a combined submission to be sent to Ottawa.

I presume that submission is already in the hands of the Department of National Defence.

That joint action gets around a difficulty that was outlined in the reply to my question of November 27, to the effect that it would not be possible to establish representatives of all these organizations with any one particular unit. Of course the experience of world war II should have provided the solution for that particular problem because, as I recall, only one representative of one particular organization serviced any one unit, whether it was army, air force or navy. In other words, the organizations pooled their resources and, in so doing, were able to provide a much more comprehensive and efficient welfare program.

I note that in so far as the Salvation Army auxiliary services are concerned they have taken the initiative and have voluntarily sent a team—I think it is a husband and wife team—to the Hanover area to work among the troops of the 27th brigade. I believe that was done at no cost or at very little cost to the Department of National Defence—which would remove the charge that the service would be uneconomical.

I do not want to labour this, but the main point I want to bring out is that it seems to me that there has been a trend toward militarization of welfare services—that is the incorporation of the welfare services within the body of the service units. I think that is contrary to the real spirit of welfare. Military organization, by its very nature, must have discipline and must have a certain rigidity in its functions. I cannot see that we can provide the subtleties necessary in meeting the welfare problems of servicemen by employing men in the forces who have been trained for military duties and not welfare duties.

There is another matter that must be kept in mind in regard to this welfare problem.

Our forces have always been, and I suppose they always will be—so long as we retain a democratic system—civilian forces made up of personnel whose interests lie predominantly in the direction of civilian activities. It seems to me that the voluntary organizations have built up a vast reservoir of experience, during world war II in particular. I have been reading the story of the Y.M.C.A. in the war, and they built up tremendous resources in regard to the handling of service welfare problems, which, combined with their civilian capacity to serve, makes it almost inevitable that our own military organizations will have to depend upon that organization along with others for meeting the welfare needs. The welfare problem is not only one that pertains to troops in the field or air personnel who are on active service. There is also a large area of welfare problems created, particularly when great numbers of civilians are called up and find it necessary to serve in foreign theatres. This precipitates a crisis in the families back home. We are well aware that divorce statistics went up during world war II and immediately following world war II. It is perhaps significant that divorces are again on the increase, following a decline during the years 1949, 1950 and 1951.

A good many of the men serving in the forces are married men with family responsibilities. They are removed from those responsibilities, and automatically social welfare problems are created which no military welfare set-up can handle. The representatives of the voluntary organizations serving in the field have immediate call upon the welfare resources of the organizations at home. The Y.M.C.A., in particular, has a unit in almost every major community in Canada, as has the Salvation Army. They are able to direct their personnel serving on the home front to give assistance in cases where domestic difficulties arise as a result of the absence of the husband and father from the home. I would suggest, Mr. Chairman, that no democratic military force can afford to dispense with the offer of service that has been so generously and so promptly put forward by each of these voluntary organizations.

There is one more aspect of the civilian question that I should like to mention. During world war II, auxiliary officers representing the voluntary organizations retained their civilian status. I saw them in action with my own squadron in the field, and with other units, and I thought such a condition was a decided advantage. In spite of the fact that the process of democratization has gone on in our military forces, there is still a wide gap between the enlisted private or airman and the officer. I know in my own squadron experience we lived apart in rather comfortable mess conditions, while the airmen took whatever was available. Even the problem of geographical separation, particularly while we were on the continent, was one of some proportions. The only time we were in touch with the men who serviced the aircraft, and the other airmen who were responsible for carrying on all the functions that are necessary to keep the aircraft flying, was when we met these men at the point of duty. It was the efforts of our welfare officer in organizing various entertainment activities and recreational activities that brought the officers and men together and created a much better situation so far as morale was concerned.

I believe that the very fact that a man is wearing pips or rings is a deterrent to coming to close grips with the intimate personal needs of the men who are serving in our armed forces. There is a line of social distinction that exists. Obviously the welfare officer, even if he had specialized social service training, is under a handicap in dealing with the men because of the fact he is wearing pips or rings. The soldier or airman in difficulty thinks twice before he bares his soul to such an individual. One of the advantages of using the voluntary organizations was the fact that the representative retained his civilian status, and the organizations provided excellent co-ordination between the commanding officer, the padre and the men. In addition to this they were always in direct contact with the domestic situation on the home front.

When the minister says the use of these services at the present stage of development of our armed forces is uneconomical, unnecessary and unwise, I would disagree most heartily with that statement. If we are moving towards the militarization of welfare, I believe that the words which have been used to describe the use of voluntary systems might be more aptly applied to a strictly military program of welfare. Such a program is uneconomical because we can use our military personnel to much better advantage. It is unnecessary because we have social welfare agencies willing to undertake the job, and axiomatically such a program would be unwise.

I notice the minister says that the advice from the heads of the three services, the navy, army and air force, was against the use of these voluntary bodies. I can understand that problem. As civilians, auxiliary officers would not come under strict military discipline. They might constitute a thorn in the flesh, particularly when they are dealing with subtle, intimate personal problems, and they

might have a solution other than the prescribed military solution according to Q.R. (Air) or army regulations. Other disadvantages arise from the policy of maintaining strict military discipline over these auxiliary personnel, but they are more than compensated for by the fact that qualified and experienced welfare officers are able to get to the heart of the matter, are able to get under the surface and look at the problem from the standpoint of the real needs. The fact that the welfare bodies are continuing their representations and are compromising in every way to make it possible for them to serve the present defence needs, which has been stressed by the minister as an urgent and imminent one, is an indication of their willingness and interest in this matter.

I am going to leave the problem of welfare. It might be that, since the Y.M.C.A. and other organizations have made their representations, there has been a change in the interpretation of this problem. Unfortunately, we have not heard about it in the house. I have not been able to get any information from the various attempts I have made.

I now want to discuss briefly a statement that appears in the white paper on Canada's defence program. It is contained on page 5, section 13, subparagraph 1, which reads as follows:

> The immediate defence of Canada and North America from direct attack;

That is given as the No. 1 priority under the objective of our defence policy, and according to the white paper that defence policy has remained unchanged since the reorganization of the services to meet the Korean crisis.

Then, going down to section 18 on page 5, we find that the defence department is moving to fill the gap, that has become increasingly evident so far as home defence is concerned, as follows:

> Regular and reserve fighter squadrons, the backbone of the air defence network, are being built up. The first regular squadron, equipped with CF-100 all-weather, twin-engine jet fighters, was recently formed and by the end of the fiscal year a number of these squadrons will be operating. Meanwhile, a number of squadrons of F-86E Sabres, destined as part of Canada's NATO air contribution have been in Canada available for the defence of this continent. As the last of these are sent to Europe during the year, their places will be taken by squadrons of CF-100's. Reserve squadrons now equipped with Vampires and Mustangs will be re-equipped with CF-100's as these become available.

Ever since I came into the house hon. members on this side have been stressing the fact that priority No. 1 has been ignored in the build-up of Canada's defence. I agree heartily with the hon. member for Nanaimo. I remember when he was rather severely castigated because he dared to infer that priority was not being given to the defence of this continent; but it becomes increasingly obvious that such is the case.

It is now generally recognized that Canada occupies a unique position with regard to air defence. The very fact that we are contributing to it at least half of the national defence budget indicates an emphasis in that direction. From the standpoint of military strategy, we guard the northern approach to the most vulnerable country of the western world, namely the United States of America; and therefore we have a special obligation, along with that country, to see to it that our home defences are adequate to meet any threat of attack. Then during our short military history, beginning with world war I and our participation in the Royal Flying Corps and again in world war II, Canadians have demonstrated that they have a special aptitude with regard to air warfare and air defence.

We of the official opposition gave emphasis to that viewpoint, during the discussion that arose from the appointment of an associate minister of national defence, when we suggested that it would be a more feasible plan to appoint a deputy minister for air who could concentrate exclusively on the important and highly necessary task of building up our defences for air. I do not know just how the defence department is organized, but recently in the Winnipeg *Free Press* a series of interesting articles attracted my attention. These articles proposed a much more logical, coherent and rational defence organization where the responsibility for policy determination would be removed from the shoulders of the heads of the departments and would be placed in the hands of some sort of military council which would be in a position to deal more adequately with the difficult problems that are connected with our defence build-up.

The suggestion that we appoint a special deputy minister for air was turned down and we are carrying on much in the same hit-or-miss fashion that has been going on in the past few years.

To come directly to this matter of defence for Canada, we have had it brought to our attention forcibly by certain air force personnel that, so far as air defence is concerned, we are wholly inadequate in this regard. Wing Commander Rohmer in Toronto, towards the end of March, made a statement in this regard.

Some hon. Members: Oh, oh.

Mr. Dinsdale: I hear hon. members on the other side laughing, but it was not the first statement of this kind that has been made.

A similar statement was made just a year ago by a group captain who occupied, and still does—he did not have to retire before he could make a statement—a strategic position in the auxiliary air defence of Canada in Vancouver. He spoke almost a year ago. These statements seem to have something to do with spring fever. A Canadian Press dispatch of March 11, 1952, gave this information:

> Group Capt. Geoff Northcott, commander of R.C.A.F. reserve units in British Columbia, said yesterday British Columbia now is practically defenceless against possible Russian air attack.
>
> The second world war ace told a meeting of business men a few bombs are just what we need to wake up a few people here.
>
> He said Russia has the best planes in the world and at least 1 million airborne troops. Canada's west-coast defences were obsolete and insufficient.
>
> He said the R.C.A.F. wants to establish fighter bases in the British Columbia interior to meet enemy bombers before they could reach Vancouver.
>
> "We would like to move into Kelowna and Prince George but you know the speed the air force moves under the government", he added.

That was a year ago and this charge was repeated again by Wing Commander Rohmer who retired before he made the statement. These men, I suppose, have had in our auxiliary air defence the most responsible positions occupied by any people in Canada. Wing Commander Rohmer commanded the two squadrons in Toronto and Group Captain Northcott has the two squadrons on the west coast. I was therefore pleased to see that there was in the statement that the minister made a stress or emphasis on this problem. We are moving forward slowly. Perhaps the difficulty has been that we have refused to face up to reality. I have here a statement from *Canadian Aviation* of April, 1952, in which, at page 29, speaking of the difficulties relating to air defence, two reasons are given, and the second reason given is:

> The fanciful predictions at the political level have supported the naïve assumption that such a process should be quick and simple.

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

Mr. Dinsdale: Yes.

Mr. Dickey: Does he think that the quotation he has just read from the editorial to which he referred is a fair quotation to make from that editorial when read as a whole?

Mr. Dinsdale: Yes, I do; because the editorial goes on to describe the efforts of Avro in regard to the production of the CF-100 and points out that in terms of the experience in the United Kingdom and in the United States, Canada's record has been unexcelled.

Mr. Claxton: First class.

Mr. Dinsdale: That is notwithstanding the fact that we had to start from scratch. We had no previous experience in this regard. But I do agree with this criticism that we were naïve in assuming that we could have CF-100's and other types in production back as early as 1950, when it takes such a long time to produce an original type from the drawing board. Because of that, or as the article expresses it because of the fanciful predictions at the political level, we have been lulled into lethargy, thinking that everything was well. I think the government should have taken the public, through the elected representatives of the people, into its confidence and explained the details, the problems and the circumstances. Had that been done, I think we would have had greater co-operation from the public at large. It is a good thing that for the first time air force personnel intimately in touch with the problem are speaking out, in order to bring these difficulties to the attention of the public.

We do not criticize the F-86. It has proved its worth in operations in Korea. It is being sent as interim supplies to the R.A.F. until they can develop their own advanced types. The CF-100 likewise is going to serve a very useful purpose in the defence of Canada. My criticism is that the government has not been realistic in keeping the public and this house informed, rather choosing to lull us into a sense of well-being when there was no cause for such a feeling.

Some hon. Members: Time.

Mr. Dinsdale: I think I still have a few minutes.

Mr. Fournier (Hull): Go ahead.

Mr. Dinsdale: And nobody is overly enthusiastic on the other side. Continuing to deal with the problem of the defence of Canada, the No. 1 priority, according to the minister's white paper, is getting over the equipment difficulties so far as aircraft are concerned. I only hope—I have no information, because no information is forthcoming for hon. members—that in the production of aircraft we shall continue to keep abreast of the changing needs as we move toward the delta wing type of aircraft, or as it is presented in the *Roundel* for the current month, as we move toward "the turbo-jet, the ram-jet and the rocket air force of the future". Here is a very interesting article on that subject. That contains information that we could not possibly get in this house.

There is also the personnel problem. We discovered that in the lowering of the educational standards. The hon. member for Calgary East, in a reply he received, got the information that the educational standards for servicemen were constantly going down. I often wondered how the quality

of our personnel compares with that of other NATO troops, especially NATO airmen being trained in this country. I do not have the information on it but I would rather doubt, with the continuing lowering of standards, that we are finding it easy to maintain the necessary high levels to man the type of air force required by today's defence needs. I notice that we are still emphasizing the sort of easy approach to defence in advertisements in the press. Here is an advertisement that appeared in the Carberry *Express* on January 28, 1953:

Security—Pension

Responsible Position

for

Young men

If you are over 17 years of age . . . in good health. . . . eager for adventure, travel and fellowship in a large organization that offers real careers for young Canadians today . . . fill in the coupon below and get the full information about careers open to you in the Canadian army. You will be amazed at the wonderful opportunities for trade training . . . the good wages . . . benefits of all kinds including long annual holidays. Find out without obligation.

Well, that is offering a good time in the army when I think we should be emphasizing more the obligation and the responsibility to serve in the defence of freedom. It reminds me of the situation that existed during the 1930's when I was a young student. In 1936 we subscribed to that famous Oxford resolution that under no circumstances would we take up arms for king and for country, and three years later most of us who had subscribed to that view were involved in the bloodiest war that this world has ever seen. We seem to be still bogged down by the fallacy of nineteenth century Liberalism that believed we were moving gradually towards perfection and that if we only waited long enough everything would work out happily in the end, or, as the Fabians called it, the inevitability of gradualness. I believe that we should be emphasizing more the responsibility of service and the obligation to serve rather than feather-bedding the situation, as seems to be indicated by that advertisement.

Now, there is the reserve and the auxiliary problem. The reserve seems to be frustrated and the auxiliary seems to be frustrated, judging from the statements I have already indicated. From personal experience I know that we have not been able to make very good use of the auxiliary other than those who are actively engaged in the nine auxiliary squadrons, and even those do not seem to be too happy, judging from Rohmer and Northcott's remarks; but in the air force association frustration prevails because up to the present time—and I am a member of of the association—the only part we have been able to take is in the form of a social club, to try to preserve the old camaraderie of world war II, to do a little line shooting in an atmosphere that is very similar to the wartime mess atmosphere.

We tried to assist recruiting, but there were not enough recruits offering themselves to require any assistance. We tried for the air observer corps, but we discovered no observer corps was being formed in our area so we participated in the mobilization air training plan; at least two of us did. I am glad to see this plan being expanded, because I think it is a very useful way to absorb those keen types who in the face of the present emergency and crisis want to do something more than reminisce about world war II.

Speaking personally, I have been trying to retain my interest in radar, because I think it is the most important avenue of service as we move toward the new type of air defence required in Canada; but under the M.A.T.P. I am earmarked as a personnel officer, a trade in which I have had absolutely no experience in the air force. All my experience was with night fighter airborne radar. We spent months and months in tedious training in aerial interception (A.I.) tactics, and now there seems to be no use for that particular activity. I find this very hard to understand in a day when the defence of Canada depends upon a supply of personnel skilled in the practices of G.C.I. (ground controlled interception).

One final word on this problem of the defence of Canada. Judging by the statement in the white paper we are going to replace the present Vampires and Mustangs of reserve squadrons with the CF-100. That seems to be another one of these facile statements and so far as I am concerned it requires more elaboration. With the present type of training going on in the reserve squadrons, I am very sceptical whether it will be possible to bring the reserve crews up to the standards of efficiency required for radar-equipped CF-100 all-weather fighters and necessary to cope with any possible airborne attack. I remember my own long-extended training: a year in Canada, two months at an advanced flying unit to convert from singles to twins, four months on operational training and then on to blind approach training and further squadron training before becoming operational. From the time we graduated with wings until we became operational another year was absorbed in training. After we were trained we converted twice to new types of radar equipment, and we were taken out of the line of operations during the period

of conversion. But this statement says—and apparently the reserve is still going to be the backbone, the main responsibility for Canadian defence—that the CF-100 will be supplied to the reserve and everything will work out for the best. All-weather flying of jet aircraft with airborne radar requires the most highly skilled type of crew. It is one of the most highly skilled types of activity in the air force. It means that we shall have to take into consideration real problems of reserve training in order to handle this responsibility.

The Deputy Chairman: Order. It being one o'clock I now leave the chair.

At one o'clock the committee took recess.

The committee resumed at 2.30 p.m.

Mr. Dickey: Mr. Chairman, before the house rose at one o'clock the hon. member for Brandon had been speaking for some fifty minutes or so, and at one point in his speech he referred to an editorial in *Canadian Aviation* of April, 1952. At the time he gave the quotation I asked the hon. member if he thought that what he had selected from the editorial was fair, without reading the whole editorial as it appeared, simply using that quotation to try to support the kind of case he was making.

The fact is that this editorial was written at a time when a number of public statements had been made which were I think intended to make exactly the kind of case the hon. member was trying to make in his speech this morning. This editorial was written, not in support of that case but as an answer to the criticisms that were being made. It was for that reason that I questioned the hon. member on the careful selection he had made of one small part of the editorial. I think in fairness to everybody I should read the editorial as it appeared. This reads:

> Facts Versus Rumours—An Appraisal of the Avro Projects
>
> The rumour factory seems to be in quantity production on the subject of Avro Canada and more particularly the two high-priced projects, the CF-100 patrol interceptor and the Orenda jet engine. If we are to credit the anonymous but "well-informed" sources responsible for current reports, the CF-100 is a flying flop and the Orenda is crawling with technical "bugs". To sum it up, millions of tax dollars have been poured into Avro but only delays and alibis have come out of the factory.
>
> What are the facts? It is true that since 1946 the government has consigned some $50 million to the Avro programs. It is also a fact that in terms of aircraft and engines produced to date, the return on this substantial investment has been insignificant. On the other hand, what reason did we have to expect these projects to move from drafting board to quantity production in less than five years? Here are two reasons: 1. As a nation we have had no previous experience in appraising top-flight aeronautical assignments of this kind.

This is the portion selected by the hon. member for his quotation:

> 2. The fanciful predictions at the political level have supported the naïve assumption that such a process should be quick and simple.
>
> Is the CF-100 fighter program shamefully sluggish? Here is the chronicle: Design project launched in October, 1946. Detailed design started in May, 1947. Prototype tooling commenced in January, 1948. Government contract for 10 pre-production fighters issued in May, 1949. First prototype CF-100 flown in January, 1950. Total elapsed time, design start to test flight: 40 months. Comparable British fighter prototypes have required 38 and 39 months to initial flight. A U.S. fighter got airborne in 34 months.
>
> The original assignment was to build 10 CF-100 fighters. It was not until September, 1950, that a production order was issued and this was stepped up substantially in February of last year.
>
> The record also reveals that time consumption on the Orenda development has not been out of line. The period from design to first test run: 29 months. U.S. average: 25 months. Two comparable British jets: 29 months average.
>
> In February this year, the Orenda Mk. 2 (production version) completed, with success, its 150-hour type acceptance test run. This was 36 months after the initial run. U.S. average for this stage: 46 months. Comparable British average: 37 months.
>
> In attempting to assess Avro's progress, it is only fair to note that conversion from experimental development to quantity production is quite an ordeal for any organization. In this instance it involved a drastic shake-up that split Avro down the middle to create engine and fighter divisions. The Orenda assignment has called for erection, in less than a year, of a new 400,000 square-foot plant. While the pilot production line in the original building continues to dribble out engines, the impressive ranks of machine tools are forming in the new plant and it is predicted that production will be flowing steadily before the end of this year. Meantime, fighter production has been retarded for spar modification and for important armament changes. Such delays are a familiar feature of military aircraft progress. On the strength of factual evidence we believe it is fair to concede that these two projects are proceeding without significant delay.

The editorial then goes on to discuss briefly the quality of the aircraft and of the engine which I do not think is relevant to the argument the hon. member was making. The editorial concludes as follows:

> The CF-100 is neither substandard nor obsolete. It was recognized after flight testing of the prototype that the main spar would have to be strengthened to prevent undue wing flexing under the high G stress of military aerobatics. The two prototype versions delivered to the R.C.A.F. and shortly returned to the manufacturer for modification had been placarded (with a 5 G limitation) pending this modification.
>
> This aircraft was designed to meet a particular military specification combining exceptional range, all-weather night and day operation, high rate of climb, and effective speed for combat. There are

very few aircraft in the world today in this particular bracket. And until one of this type with superior performance comes along, the CF-100 can't be described with accuracy as obsolete. Critical examination of government investments such as the Avro projects is a right of the public and a responsibility of the press. But criticism is only helpful when it is sound. And rumours are poor substitutes for facts.

I am content, Mr. Chairman, to leave my question to the hon. member, who has made a quotation from that editorial in support of the argument he has been making, and the reading of the editorial to speak for themselves. Perhaps I might also say in addition that the final sentence of the editorial can, I think, with great justice and with advantage be applied to a very great majority of the criticisms that we have been hearing not only in this debate but also over the past two or three years from the official opposition regarding defence matters, namely, that rumours are poor substitutes for facts.

Mr. Dinsdale: I am glad that the hon. member has placed the entire editorial on the record. I did not have time to do so myself.

Some hon. Members: Oh, oh.

Mr. Dinsdale: I think it brings out the point I was trying to make even more clearly than hitherto. As the hon. member will recall, the point I made at the beginning of my remarks last evening was that information has not been forthcoming concerning some of the major defence developments, particularly with reference to air. As a result of the rumour-mongering that has arisen from lack of information, there has been much unnecessary criticism of these very excellent projects. I agree entirely that A. V. Roe and Canadair have done an excellent job, but it is unfortunate that members of the house could not have been taken into the confidence of the Department of National Defence so that unnecessary rumours might have been allayed.

I also made the point at the opening of my remarks that we in the opposition have to go to magazine and newspaper reports in order to get the facts, and that is an unfortunate state of affairs. The editorial that has just been read indicates that situation precisely. I was not fully aware of developments on the CF-100 project and the Orenda engine until I received all the necessary information from various Canadian aviation magazines. We in the house are treated to broad optimistic generalities rather than the specific information that is necessary in order to discuss the very important problems of defence development intelligently and in a meaningful way.

The phrase "not in the public interest" is used repeatedly when we are looking for information on these problems. The hon. member for Nanaimo asked for information on radar development which he was denied. We had to get the information from a publication of the air force association. I would venture to say that espionage agents know more about the defence program than we in the opposition. I think we would have a happier state of affairs so far as defence matters are concerned if the government were willing to take members on all sides of the house into their confidence and treat them as reasonable beings having a sense of responsibility in these matters and as official representatives of the citizens of Canada, because in the final analysis, no matter how we try to conceal the true facts of the real situation, the burden is going to fall upon the shoulders of the public. They are the ones who inevitably have to bear the brunt. Therefore I thank the hon. member for Halifax for putting the editorial on the record because it very precisely and effectively climaxes the important point that I was trying to make in my remarks.

Mr. Jean François Pouliot (Temiscouata): Mr. Chairman, I was rather surprised by the attitude of the hon. member who has just spoken and who is one of our most likeable colleagues. He forgets one thing, that no minister of national defence has afforded as many opportunities to members of parliament to visit plants where jet planes are made and other plants that supply arms and ammunition as the present Minister of National Defence. I wonder if the hon. gentleman was a member of parliament when we went to Toronto a couple of years ago and visited the A. V. Roe plant at Malton. Nothing was hidden from us. There were gentlemen there who were willing to show and explain everything to all members of parliament who were there, and they were not only Liberal members. There were many Conservatives and members belonging to other groups. We were together and that visit was very interesting and most informative.

Now, sir, you may find me a little old-fashioned but I do not understand the propriety of discussing technical matters concerning arms and ammunition in the house. There are some things that are supposed to be secret but nothing should be secret to a member of parliament. He has the right to be informed, but I wonder if it would not be a good thing to discuss all these matters in camera. Some gentlemen of the press might complain about it because they would not have the opportunity to hear the discussion that took place in the house, but members of

parliament would have the opportunity to become much better acquainted with all these matters without any publicity. I presume that the hon. gentleman who has just spoken was not at all seeking publicity and that he was fulfilling his parliamentary duties in speaking as he did. I am sure that was his purpose.

But on the other hand if we look at the newspapers we see that they give very detailed and precise information about matters that should remain secret, and I maintain the view that discussions like this one should be held in camera notwithstanding the complaints that may come from the press. When members of parliament are properly informed about any matter, they cannot ask for anything more unless they want to play politics.

I stand by the minister and I also stand by my own attitude in the house with regard to military matters and with regard to two incidents that occurred in Quebec city. Something very serious happened during the Quebec conference. We all remember, as it appeared in the press, that the plans for the invasion of Normandy were lost in the reading room of the Chateau Frontenac. They were top secret documents; and they were left there by an officer who was absent-minded —whether American, English or Canadian I do not know. But that top secret document, the most secret document of the time, was left there by someone who was perhaps absent-minded, perhaps drunk, perhaps crazy—probably all three. But, now, what did we see in the press afterwards? We saw that a sergeant had been rewarded, had been given a decoration because he had found those papers—and quite properly so. But we did not see in any paper, and I have not been told by anyone, that the officer guilty of that gross negligence has been punished. One was rewarded; the other was not punished.

The result was this. It occurred again, and it was reported in all the papers and particularly in the Ottawa *Journal* of November 7 of last year:

Reporters Hear 'Top Secret'—on Upper Shelf

Quebec City, Nov. 7—(BUP)—Two reporters rode down in a Chateau Frontenac elevator with 15 civilians and senior officers attending the Canadian-British-U.S. military conference.

One officer turned to the other and asked: "Can I borrow those documents you have?"

Answer: "I'm sorry, I can't do it—top secret you know. But you'll find them in my room . . . on the upper shelf in the clothes closet".

Mr. Adamson: Did they fire the manager of the hotel too?

Mr. Pouliot: No, they did not fire the manager of the hotel at all. But, because there was no sanction of the first offence a second one occurred which was reported by the press.

Do you not find it serious, Mr. Chairman? I cannot conceive that men who are supposed to keep the old army tradition and make the necessary distinction between what is important and what is not could come to be guilty of such an offence. I am not telling you, sir, anything that is unknown. I only remind you of what you know and, I hope, the consequences too.

May I tell you, sir, that I am much more interested in Korea than in Currie; and we have heard so much about Currie that I hope that I may be excused if I talk about Korea. I have great respect for the Minister of National Defence (Mr. Claxton) and I believe that he has done a quite superhuman job, especially before the appointment of his associate minister. That does not mean that I have always agreed with him and that I take for granted everything that is said by the Department of National Defence; but I believe sincerely that he has done a good job under the circumstances and that none of his critics could have done better under similar circumstances. Now, sir, what astounds me is that external affairs and the army are intermingled to such a point that it is impossible to discuss army matters without discussing external policy, and vice versa. Very often the Minister of National Defence had to speak about external matters, matters of external policy, and the Secretary of State for External Affairs (Mr. Pearson) had to speak about military matters. I will speak about both.

Mr. Chairman, I remember that about three years ago, when it was decided that Canada should take part in the police force that was to settle the Korean problem, everyone was under the impression that the destroyer that was sent by Canada to Korea would arrive in Korea when everything was over. One remembers also, Mr. Chairman, that President Roosevelt some years ago, immediately after the war with Japan, decided to "liberate" Korea. That was the expression used by the then president. He wanted to free the Koreans from all Japanese influence. It was a noble aim, but afterwards it was decided that Korea would be divided in two by the 38th parallel; and that there would be a police force in the south—an American police force. What happened was that the American officers who were there were under no control, and one of the top ranking officers was in love with a mistress of the chief of the communists of North Korea. That woman succeeded in helping the smuggling

of arms from South Korea to North Korea and that is the reason why North Korea became at one time well equipped in arms and ammunition. That has been published in *Coronet*, a United States magazine.

Well, there were battles in Korea but there was no declaration of war—so much so that sometime ago a young American soldier who carried double risk insurance was killed in Korea and, according to the press, his family after consulting eminent lawyers decided to take legal action against the insurance company, under the claim that there was no war in Korea, that it was only a police action, and that the insurance which did not cover war risks was in force for that man who was fighting as a policeman in Korea. The United States tribunal which studied the case in the first instance gave judgment in favour of the family, and that judgment was appealed by the insurance company. The appeal court confirmed the judgment of the first instance, showing that it was a police action that was being undertaken in Korea. Approximately three years ago when it was decided to send a Canadian destroyer to Korea, I warned the Secretary of State for External Affairs that that was a very dangerous step, to be too much under the influence of the foreign policy of the United States. It was abused by some of the newspapers, in these times of human rights and fundamental freedoms, because I had taken advantage of my human rights and fundamental freedoms.

Since then, many important statements have been made. I recall reading in *Le Soleil* of Quebec, February 14 last year, a very well written and timely article under the pen of one of the most brilliant journalists in Canada, the former president of the press gallery, Mr. Lorenzo Paré. He said that it was then time to get out of Korea. One may say that it is the prerogative of military men to express views on military matters, and that it is their exclusive right to make pronunciamentos in that regard. Well, some important gentlemen have spoken to that effect. General Mark Clark, for instance, is quoted by the Ottawa *Journal* of September 26, 1952, in an editorial entitled "This Bleak Prospect in Korea". He said:

> The sober reality today in Korea is that there is no fresh and concrete evidence to indicate any increase in the reds' desire for a truce.

Then the *Journal* continues:

> General Clark's grave words come with the Panmunjom 'truce' talks virtually suspended, and while hot water in Korea grows hotter.

The same editorial, dating back eight months ago, quotes Major General Selden, who had just returned from Korea. He said:

> Twice as many United Nations troops and half again as much air power would insure a decisive allied victory in Korea.

After having made these two quotations, the *Journal* concludes:

> It may be, as so many argue, that we can't risk all-out war with China: that we can't do much more than we are doing in Korea lest it bring such war with China. But against that, can we risk or afford a continuation of what is happening in Korea now, with its bleak prospect of years of costly indecision, and with exposure to the Russians of both weakness and fear?

On September 25 last year, Mr. Clement Davies, Liberal party leader in the British House of Commons, suggested a quick plan for disarmament, to be supervised by a United Nations police force. On Thursday, October 2, 1952, Major General A. J. H. Cassels had a hunch that there would be a Korean armistice within six or nine months from that date. Therefore the pourparler that is taking place now was foreseen by officers of high standing.

There was something else that occurred last year, and that was the Truman-Eisenhower controversy about the campaign in Asia, and what former President Truman said was reported in the newspapers of October 1. Two days later the newspapers carried General Eisenhower's answer, and I need only read the headline:

> Ike tells isolationist area U.S. should not have fought.
>
> General suggests America should not have gone to war against Kaiser, Hitler; leave Asia to Asians.

Well, this statement is most important, because it came from the lips of the general who commanded the allied forces during the last war. What I find very refreshing is the change of administration in the Pentagon at Washington. Just because the United States is a friendly neighbour, one should not be precluded from expressing an honest opinion about matters of such tremendous importance which mean life or death for countless people. When I think of that beautiful country, full of tradition, that rich country that was Korea, and when we see the mountains of ruins in all the cities of that formerly prosperous country, I wonder how that country has been liberated, to use the words of President Roosevelt.

Well, sir, I have many quotations that I could use, but I shall abstain from doing so because I do not want to make a long speech at this stage of the session. But my conclusion, sir, is this. The Minister of National Defence and also the Secretary of State for External Affairs, to whom I give certain credit

for his efforts for peace, should see to it that even within the United Nations Canada should express an independent opinion—one that is not biased by that of the United States or of Great Britain—until a common decision is made. We are partners. It happens that under NATO the forces should be under one command and should have one policy. But it is important that those who attend such conferences should not be impressed by the other delegates who represent larger countries. They must express the sentiments and the feelings of the Canadian people before giving a power of attorney to the other delegates who speak in their behalf. Therein lies the superiority of NATO over the United Nations.

In the United Nations everything was run by the security council; everything was run by the great nations, and the other countries like Canada were not on a footing of equality with the big ones. In the next conference I hope that the Minister of National Defence and also the Secretary of State for External Affairs for Canada will continue to impress upon their fellow delegates the importance of Canada as a great nation. If the population of Canada is not as large as that of the United States, Great Britain, Russia, France, or the other countries of Europe or of China, nevertheless it is a great country in the noblest meaning of that word. By that I mean that Canada has reached the point where she should be considered by all to be on a footing of equality in the international discussions in which our ministers and delegates take part.

In conclusion may I say that I hope the efforts made by the government—I do not say by the ministers alone but rather by the government—to promote peace in the world at the earliest possible opportunity will have the full support of all those who belong to NATO and also of those who belong to the United Nations.

Mr. H. W. Herridge (Kootenay West): Mr. Chairman, in rising to speak in this debate I fully admit my limited capacity to speak with authority on this subject. What I have to say will be based on listening to debates in the House of Commons and on my experience on the defence expenditure committee. I will also convey to the minister some of the things that have been expressed to me by a good number of my constituents.

With the knowledge that some 45 per cent of the taxes collected today are being spent on defence, I am quite sure that all members of the committee realize the necessity for making as certain as possible that there are no unnecessary expenditures in this extremely large-spending department. I never rise to speak on this question without thinking of the workers in the smelters, the mines, the forests, the factories, the offices and on the farms of Canada whose hard labour, and the taxes which result from that hard labour, make it possible to carry on and to continue this defence program. I am sure they are willing to pay what is necessary to provide adequate defence for this country; but I am sure they would be most unwilling to pay what was unnecessary.

[Mr. Pouliot.]

We must realize at this time that all those people who are contributing considerable taxes from their modest incomes are doing without many things they would otherwise enjoy were it not necessary to provide for these defence estimates. May I also say, Mr. Chairman, that I think we are making an exceptional defence effort. I think it is quite correct to say that for purposes of defence we are paying a greater percentage of the taxes collected than is any western European country. I understand that the average there is somewhere about 32 per cent.

Whenever I am listening to debates on defence or am starting to speak on defence, I am always reminded of a statement made by the hon. member for Nanaimo and to be found in *Hansard* of May 10, 1951, at page 2810. I never forgot that statement because when the hon. member made it he spoke with a lifetime of experience and with knowledge. I accept that statement as founded in fact. The hon. gentleman said:

> I have never known an admiral, a general or an air marshal who did not begin by asking for more than his share of anything.

I have always kept that statement in my mind when I have been dealing with defence matters because I think it puts into good language what happens in military circles not only in Canada but in other countries. It indicates a more or less inevitable development of the military mind.

The scandal at Camp Petawawa was revealed as the result of the action of a responsible and patriotic citizen in sending an anonymous letter to the Royal Canadian Mounted Police. It was not discovered by the defence department. It was discovered by the alertness of one citizen. I hope that all citizens of Canada continue to be just as alert as was that gentleman.

That scandal was discovered and as a result of the discovery of it the minister ordered Mr. George Currie to conduct an investigation into the whole situation in the army works services. This investigation proved without question that at Petawawa—and it was an exceptional case, we admit—as a result of a conspiracy, a gang of crooks had organized to loot and to steal public property. In addition to that, there is no doubt that the Currie report revealed an unfortunate state of affairs throughout a considerable section of the army works services.

As a result of that investigation and as a result of debates in the House of Commons—and they should never be underestimated, although we all at times get tired of listening to repetitious remarks—there is no doubt about it that there is a great improvement across Canada at this time. I have heard that from my constituents; I have heard it also from friends in the services. There is an improvement in the administration of the Department of National Defence. In fact, I am told that the pendulum has swung a bit too far the other way and that now if you want to paint a screen door you must get authority from Ottawa. That is typical of the defence department, and the military mind. It naturally goes from one extreme to another. But I am told that is a fact. In any event, I think we are all extremely pleased to know that there is a considerable improvement.

I might say at this point that to me there is an interesting aspect of these debates as far as my correspondence is concerned. I have had to explain repeatedly to some of my constituents that the so-called Murray report dealt with the United States forces and not the Canadian forces.

Mr. Fulton: No, no.

Mr. Herridge: Constituents have written and told me about the dreadful waste on the Alaska highway, and that sort of thing. I have had to write back and tell them it had nothing to do with Canada, that it was waste by United States forces there during the second world war.

As a member of the defence expenditure committee, I have had an opportunity to hear witnesses from the Department of Defence Production. I must say in fairness that I have formed the opinion that they are an honest, competent group of officials who have been working under particularly difficult conditions. Without doubt, though, Mr. Chairman, the evidence clearly indicates that in the defence construction program there has been waste and extravagance. But I do not blame the officials of Defence Construction Limited. I am trying to be fair in this whole question. Their handicaps have been the results of a set of unusual circumstances. The first was the inevitable sense of haste and urgency. In fairness I think we must admit that we do not do things as well under abnormal conditions as under normal conditions when we can take the normal time to plan a project, develop it and so forth.

Second, there were shortages of material, particularly of steel, which caused delays, and which in turn caused increased expenses and excessive costs, and so on. That was not their fault.

The third important thing was that, after listening to the evidence, I came to the conclusion that there were delays and increased expenses occasioned first of all by the program as designed by the armed forces. They say what they want, and it is obvious to me in many cases they started out on a project without knowing exactly what they did want, and then after they got started in some instances major changes were made in design. These things caused increased expenses, and no doubt in some cases there was no justification for it. On top of all that we had this program going on under difficult weather conditions, with the construction industry naturally looking for its profits as usual. I think that that combination of circumstances did produce conditions which meant extra cost, some extravagance and some waste, but I certainly would not lay the blame on the honest and competent officials of Defence Construction Limited. After listening to their evidence in the committee I think it is fair to say that one cannot fail to be impressed by the magnitude of the task, the unusual problems they had to meet, the urgency of the program and these other factors that I have mentioned.

Defence Construction is commissioned to build what the armed forces consider they require. I am of the opinion there is every evidence, as Mr. Currie said in his report on the army works services, of a tendency toward war psychology among certain of the high officials of the defence department. Many of these men obtained their experience in the second world war, and public money is nothing to them when trying to get things done. They were impressed, and rightly so, by the urgency of the situation and the element of speed, and they allowed themselves to be carried away. Money apparently was no object whatever when things had to be done. That has had a big effect on the cost of the program today. Buildings were frequently delayed, as I said before, because of change in designs and plans. I am distinctly under the impression, because of that war psychology that Mr. Currie mentioned, that the senior officials in the armed forces gave little thought to costs when planning the building programs and bringing them to fruition. These people look on things from an entirely different point of view when compared with the average Canadian citizen. They have lived a different life; in fact I have said to some of them, and I know some of them who are bitterly opposed to socialism, that they live the life of the most complete social security of any people of Canada. They are cared for from the cradle to the grave, and naturally they have not

the same approach as the man in the street who is struggling along making a living, and being taxed to pay for these things. That was indicated when the program was first started by the purchase of new desks and furniture.

I am told, and I should like the minister to correct me if I am wrong, that quite serviceable desks were taken out and, I understand, taken down to public works and brand new desks of a finer type were brought in. Expensive rugs were bought. I am quite sure that these new desks and these expensive carpets did very little to increase the defence effort or contribute to the greater defence of Canada. In that connection, Mr. Chairman, I want to read briefly from an article in the *Globe and Mail* of November 20, 1952, by George Bain:

Two years' purchases

Defence rugs, carpets cost $839,903

In less than two years, $839,903 worth of rugs and carpets have been ordered by the Department of National Defence.

At $17 a square yard—more than most Canadian householders pay for floor-covering—this would buy enough broadloom to cover Yonge street, curb-to-curb from King street almost to Roxborough street.

On this rug, all the 100,000 men and women of Canada's active navy, army and air force could be assembled—two to a yard—without crowding.

The total of the defence department's rug orders is derived from the lists of major defence contracts which have been published twice monthly since November 20, 1950.

This is how the rug-buying breaks down by years:

Between November 20 and the end of 1950, contracts were placed for $54,865 worth of rugs.

In 1951, five orders added $141,403 to the total.

And up to the end of October this year—the last date covered by the contracts lists—$643,635 worth had been ordered.

In the same 23 months since November, 1950, contracts in a total of $452,929 were made for linoleum. All but one of these was awarded in 1951, when linoleum purchases amounted to $428,929.

Retail prices quoted here for top quality linoleum are $4 a square yard for blue, $3.45 a square yard for brown—the colours in which it is presumed the defence purchasers would be most interested.

At an average price of $3.75 a yard, $452,929 would buy more than 114,000 square yards of linoleum. Even with allowance made for the cost of installation, which would reduce the yardage, the amount purchased still could be reckoned in acres—about 24 of them.

To go with the new rugs and linoleum, the defence department in same period—a period in which the strength of the services increased by fewer than 55,000 men—ordered about $8,650,000 worth of furniture.

Some of this has been office furniture—filing cabinets, tables, office safes (79,671 this year) and the like—but the largest number of contracts listed have been simply for "furniture".

Defence headquarters and the country's navy, army and air force bases were not without furniture when the new, post-Korea defence program was embarked upon.

[Mr. Herridge.]

And so on. I think that very extensive ordering of rugs—and there are some very expensive rugs in some of the offices of defence headquarters; you fairly sink into them when you walk on them—and this expensive linoleum and these expenses for furniture show that these people were going to have their offices in good shape as soon as they had the money to carry on and do it with.

I am going to pass from there to bring to the attention of the minister something that several of my constituents have mentioned to me, men of experience in the Royal Navy and in the Royal Canadian Navy. I have no capacity to speak on the subject, but I am just passing on to the minister the criticisms that have come to me from men with senior naval experience. They are of the opinion that there is a danger for us in this country to get delusions of grandeur as far as the navy is concerned and consider going in for large ships. I should like the minister to tell the committee what is the daily cost of running the *Magnificent* and if the government is considering building another aircraft carrier of that type. What does it cost per day to run a cruiser?

I have a clipping here from the Montreal *Gazette* of December 18, 1951, which deals with the Canadian naval policy as laid out by Admiral Mainguy. This reads:

Mainguy Stresses Anti-Sub Defence

Sees Major R.C.N. Role Under NATO in Combating Undersea Menace

Ottawa, Dec. 17—Major role of the R.C.N. under the North Atlantic Treaty Organization is anti-submarine warfare, Vice-Admiral E. R. Mainguy said today.

The admiral who this month took over command of the R.C.N. and who two years ago wrote the "Mainguy Report" on the navy's internal problems, said at a conference in the parliamentary press gallery that he, as chief of the naval staff, is "against" any R.C.N. activity or development which does not have to do with anti-submarine work or the defence of harbours.

The admiral said in a speech recently that there was no reason why Canada should not become the anti-sub authority of the allied powers.

At today's conference he said Canada's naval role had been discussed at NATO conferences, and it was generally considered that Canada's main responsibility is anti-submarine work.

When the minister replies I should like him to tell the committee what are the intentions of the government with respect to building large ships for the navy.

I have very little to say at this time with regard to the army except that a number of my constituents have said to me that it appears to be rather expensive advertising when it costs $161 to secure each recruit.

Mr. Claxton: The corrected figure is $70 per active force man or $43 if you include the reserves.

Mr. Herridge: I got the figure of $161 from another person and I am glad to be corrected. That is the figure that people have written me about and I will see that it is corrected.

I listened with a great deal of interest yesterday to the speech of the hon. member for Cape Breton South. I think he made a most excellent speech and dealt with some aspects of defence in a unique and somewhat unusual way.

He spoke at some length about the morale of the troops in Germany and Korea. I mention this also because a number of my constituents have written to me and I have met a number of men who have returned from Korea and Germany and there are complaints about the welfare services in those countries. The hon. member for Brandon spoke at some length on this matter earlier today. I have another clipping from the Montreal *Gazette* of December 8, 1952, dealing with this question. This is entitled "Troop Morale in Germany Said 'Rotten' ". It sets out interviews with various men who have returned from overseas and who were complaining about the lack of recreational facilities and so on.

I am definitely in favour of the suggestion made by the hon. member for Brandon that civilian recreational services for the troops should be provided if possible. I know that they rendered great service during the first and second world wars. I want to make my plea that everything be done to make living conditions as good as possible for those men who are away from Canada. The minister may have some explanation of the present form of welfare services that are being provided, but I would like him to tell the committee just what is being done at the present time. I think there is a general complaint across the country, and I know I have received complaints from my constituents that the welfare services overseas are not all that they should be.

Dealing with the air force I must say that here I will have to depend upon what other people say. I was disturbed by an article which appeared in the *Globe and Mail* of March 27 entitled, "Time People Given Truth, Rohmer Says". The article continues:

> Addressing a meeting of the Canadian Progress Club at the Royal York hotel, he continued: "Canada could not put up a single modern aircraft in its own defence. (She) is absolutely helpless to an air attack".
>
> His main charges:
>
> The air defence of Canada is entrusted to nine auxiliary fighter squadrons equipped with hopeless, obsolescent aircraft and manned by part-time pilots.
>
> Despite frequent assurances to the contrary, there is not one Canadian squadron to enforce the radar chain being established along the Arctic frontier.
>
> Every first-line jet in squadron service with the R.C.A.F. has been committed for use in Europe under provisions of the North Atlantic treaty alliance.

Apparently that article was reprinted in many Canadian papers and has caused great concern to many Canadians. I should like the minister to deal particularly with the charges made by this retired air force officer and tell the committee exactly what is the situation.

There is another aspect of defence in which I am particularly interested and in which a great number of people across the country are interested. Many people are of the opinion that in recent years there has been a tendency for parliament to lose control of these vast expenditures and for civilian control to be lessened and lessened. This has been a gradual development. In this respect I should like to quote briefly from *Comment* of June, 1951. This is an excellent magazine which deals with economic and social questions. I think it will save time to quote this article because it sets out succinctly what I have in mind. It reads:

> Military Must Accept Civilian Control
>
> The experience of recent months has graphically illustrated the importance of civilian control over military forces.
>
> Military commanders must have a good deal of power and authority so that they can direct the forces at their disposal effectively. But military commanders derive their authority from appointment and not from democratic elections. They are not responsible to the people but must be held absolutely responsible to the civilian representatives of the people who appoint them.

And again:

> The principle of civic control over the armed forces of the nation has long been accepted in the United Kingdom and in other nations which derive their constitutional practices from the traditions of the British parliamentary system. But the evolution of modern methods of defence, warfare and international security action may call for closer scrutiny of the way in which this principle is being applied.

We of this group agree with those sentiments. We believe that we should watch to make certain that there is proper civilian control of the military in connection with the expansion of our defence program. We feel that decisions are made by the military with regard to large expenditures that should be made by civilian authorities. They have had their way as to what was required here and there. We do urge that there be stricter control of the military and greater reference to parliament with regard to these large expenditures. In many cases all that parliament does is to confirm the total amounts when knowing little about the

details until after the money has been expended. Apparently Mr. Currie was of the same opinion because he makes this suggestion in his report:

> Alternative No. 2
>
> The second alternative is to create a civilian organization running parallel to a military organization up through commands to army headquarters. This alternative would—
>
> 1. Relieve military personnel of most of the administrative function and enable them to concentrate on planning and on executive direction of works.
>
> 2. Open up career possibilities to civilians and thus attract high calibre permanent personnel and provide stability to administration now difficult to achieve.
>
> The advantage of this course of action would appear to be the combining of greater administrative stability and efficiency with a valuable training element for R.C.E. personnel.

He had in mind there a more or less parallel civilian organization. As I understand it, at the present time huge quantities of valuable buildings and supplies are handed over to the armed forces and they are not made directly responsible for accounting for them. So far as the quartermaster general's branch is concerned, there should be a civilian check and audit on the whole quartermaster general's department so that they will be responsible for equipment and supplies to a civilian authority, with that civilian authority responsible to the minister's officials. As I said before, in our opinion parliament under present conditions has very little to say about the major decisions involving large expenditures. The military people decide what they want regardless of cost and go ahead and spend the money. In our opinion a system must be devised whereby there will be more civilian control of the defence program through the parliament of this country.

I want to deal now with a different aspect of the question. I understand that the present defence program was designed with a view to a peak in our expenditures being reached in 1954-55, but present events should cause some consideration to be given to a levelling off of that program. There is not the sense of urgency; we can continue to carry out the program over a longer period of years, and on that account there should be some opportunity in the near future for reducing our expenditures on the military aspects of national defence. With the defence construction program nearly completed, it should be possible to save considerable sums of money in that quarter.

A few months ago a United States commission conducted an investigation into the armed forces of that country, and it was their honest opinion that a 10 per cent reduction in defence expenditures could be achieved through the elimination of waste occasioned by haste and speed without affecting the adequate defence of the country. That period is passing in the United States as it is here, and there is more control by congress over defence expenditures and so on. Even this year in my opinion the minister could save $200 million by insisting on economy and doing away with frills and so on, which saving could be used by way of economic aid as a part of our defence program and thus give some positive evidence to the world of our desire to go at least half way in the effort toward world peace.

There has been certain optimism in recent weeks because of the apparently changed position of the Soviet leaders. Past experience would cause us to proceed with caution, but I do think it is quite safe to say, just as the hon. member for Temiscouata said, that the Canadian people want the government to speak up for Canada and say in a very positive way that we are willing to do all that is fair and possible to promote world peace and to go at least half-way in that direction.

In going over some figures recently, I noticed that the subsidy to A. V. Roe Limited for the development of the jet airliner was $6,648,363.50, and that total subsidies to A. V. Roe Limited were over $63 million, mostly for the Orenda engine and CF-100's. I am not going into the question of whether or not that was a warranted expenditure. I am not competent to say but I do want to say that $63 million is ten times as much as we are spending on technical aid today. If we could reduce our defence expenditures by $200 million in the year or two ahead, what possibilities that would offer for the Canadian people to make a big contribution in the form of economic aid; first, economic aid under the North Atlantic treaty; second, rehabilitation of Korea; and, third, through technical assistance to substandard countries.

More than that, not only would we be making a gesture that would be a challenge to other countries of the world but we would also be doing something very sound and concrete to stabilize our agriculture. I am sure that the Minister of Agriculture would like to have a few of the millions that are being spent on defence to spend on floor price support for certain agricultural commodities. I am certain that the Canadian people would welcome the opportunity to make a magnificent gesture by contributing from $200 million to $400 million for economic aid, the rehabilitation of Korea and technical assistance to substandard countries. In doing so, we would not only be helping others but would be stabilizing the agricultural economy

of Canada and taking positive action in the development of world peace.

Mr. George H. Hees (Broadview): Mr. Chairman, for a few moments I want to go back to the very interesting subject about which we were talking last night. I should like to start by asking the minister when it was—oh, I see no minister. Perhaps I can wait until the minister returns, Mr. Chairman.

Mr. Croll: The parliamentary assistant is here.

Mr. Hees: I wanted to ask the minister, and in his absence somebody else who can answer for him, when the minister first saw the MacNab memorandum, as the minister likes to call it.

Mr. Croll: Go on with your speech.

Mr. Hees: I think that is quite an important point. We are talking about the national defence estimates. These are the estimates for which the minister is responsible. We are spending $2 billion on them this year, and I am rather disappointed that both the ministers responsible for this department seem to be out of the house at the present time.

Mr. Croll: They did not know you were going to speak.

Mr. Blanchette: If I may explain, the short answer is that the Minister of National Defence has just left to welcome Field Marshal Montgomery.

Mr. Dickey: If the hon. member wants an answer I shall be glad to give it. My view would be that the Minister of National Defence has never seen the MacNab report.

Mr. Fulton: How about that for hearsay?

Mr. Hees: I am not asking for the view of the parliamentary assistant to the Minister of Defence Production. When we are discussing the estimates of the Department of National Defence and the money that the government is asking us to vote, we ought to have somebody here who is able to answer these questions. We are here to get information. Both ministers are out of the house, so I will have to proceed without them. I take it from the remarks that the Minister of National Defence made last night that he either has never seen the MacNab memorandum, or he has seen it just recently. From that it is obvious that the memorandum has simply lain in the files of Mr. Jackson for the past three years.

Mr. Fulton: It has been through treasury board.

Mr. Hees: Mr. Jackson sent Mr. MacNab across the country to investigate conditions in the various military establishments.

Mr. Dickey: May I ask the hon. gentleman a question?

Mr. Hees: Certainly.

Mr. Dickey: On what authority does he make the statement that Mr. Jackson sent somebody somewhere?

Mr. Fulton: On the basis of the interview given by Mr. MacNab to Mr. Jackson of the *Journal*.

Mr. Hees: I say that Mr. MacNab presented his memorandum to Mr. Jackson after his investigation of the various defence installations which he visited. Therefore I take it that he made his trip—

An hon. Member: Hearsay.

Mr. Hees: —and inspected these defence installations at the request of his superior, Mr. Jackson.

Mr. Applewhaite: Guesswork.

Mr. Hees: If Mr. MacNab had returned to Ottawa after his tour of inspection and had reported to Mr. Jackson that conditions were satisfactory, the logical thing would have been to file the report and forget about it. However, the conditions which Mr. MacNab found and reported upon were anything but satisfactory. The minister told us yesterday that in his naval production program he has encountered slippage. I think the only word that can describe what Mr. MacNab found in inspecting the defence installations is slippage, because the report that he made to Mr. Jackson was a very critical one indeed.

Now, Mr. Jackson is an intelligent, logical and conscientious man, and I feel sure that the obvious thing for him to have done, when he received a report telling him that conditions were anything but satisfactory in the defence installations which were inspected, would have been to bring that memorandum immediately to the attention of the minister whose department had been under investigation—so that the minister could immediately take steps to investigate those conditions to see if they were as reported, and, if they were as reported, to have those conditions rectified as soon as possible.

However, for some unexplained reason, Mr. Jackson decided not to do that and the only explanation I can give for a reasonable, conscientious and intelligent civil servant taking the action that he did, or not taking the action that he should have taken, is that he had learned, as we in this house have learned, that the Minister of National Defence (Mr. Claxton) resents very strongly indeed any criticism having to do with any aspect of his department. I think that Mr.

Jackson must have figured that if he brought the attention of the minister—

Mr. Dickey: On a point of order, Mr. Chairman—

Mr. Fulton: Oh, now, this becomes frightful—

Mr. Croll: If he doesn't raise it, I will.

Mr. Dickey: On a point of order, in the absence of the Secretary of State (Mr. Bradley) I think a protest should be made immediately—

Mr. Pearkes: Are you speaking on his behalf now?

Mr. Dickey: —against this kind of attack on a civil servant. It is quite improper—

Mr. Ferguson: Oh, what are you speaking about?

Mr. Dickey: —in the activities of this house. Mr. Jackson is an excellent civil servant—

An hon. Member: Sir Galahad.

Mr. Dickey: —and I protest against this kind of attack.

Mr. Hees: I have never heard such utter nonsense uttered in this house, and there now comes up the interesting point of just which portfolio the parliamentary assistant to the Minister of Defence Production is aiming to take over; because now he is speaking for all departments. Perhaps he is aiming for the prime ministership, and perhaps he is going to be entered in that race after the next election.

Mr. Dickey: I am speaking for parliament.

Mr. Fulton: He may be aiming for the leadership of the opposition.

Mr. Hees: Yes, that is what he will be trying out for.

Mr. Dickey: There are enough contestants for that leadership now without my entering.

Mr. Hees: When I was so rudely interrupted I was saying that the only explanation I could find for Mr. Jackson not making this obvious report to the Minister of National Defence was that he must have felt that the minister would simply blow his top; would do nothing about the report; and that no good would come of his presenting this memorandum to the minister. Therefore, he decided to file it away.

If the attitude of the Minister of National Defence had been such as to invite a memorandum of this kind to be presented to him so that he could constructively go to work on it, the country would have been saved hundreds and hundreds of thousands of dollars. In the first place, there would have been no need for Mr. Currie's investigation, because the conditions which made that investigation necessary would have been stamped out three years ago.

We are told that Mr. Currie's investigation cost $55,000. That would have been saved, and also there would not have been the train loads of cement, removed sidings, horses on the payroll and all the other things that Mr. Currie has described as being impossible of adding up to calculate the loss incurred. In addition, we would have saved the unknown losses that undoubtedly occurred between the time Mr. MacNab made his investigation and when Mr. Currie made his. It was a very important period when heaven knows what went on in this much investigated department.

All of this makes us wonder how many other similar reports made by senior civil servants on operations going on in the various departments of government are today lying in Mr. Jackson's files, or in the files of other senior civil servants, simply because the ministers of this government have made it so obvious that they will tolerate no criticism of their departments; and civil servants feel that it is a waste of time to present them with facts showing conditions as being anything but what they should be in the various departments.

It makes it again very obvious, Mr. Chairman, that if we are ever going to have any kind of efficiency check-up and clean-up of the waste and extravagance that becomes more obvious every day in the operations of this government, it can only be done by bringing in somebody from outside, like Mr. Currie, who has proper qualifications and can look at the picture with an unbiased eye.

To do that would be simply following the principles that have long been established in the business world. After all, we have got to remember that this defence department is the biggest business in the country, doing about $2 billion worth of business every year; and a great many operations in the defence department are exactly similar to operations within any big, successful, commercial corporation.

In the business world it is well known that you cannot expect a departmental manager to report upon himself because, if he does, he is simply showing up the things that he should have done and the things that he should not have done. Periodically in large and successful business operations efficiency experts from outside are called in. They are not magicians but only people who have studied the most

satisfactory operations in the most successfully run commercial businesses. They take a look at the business they are investigating and, having no pet theories, no pet personnel, no ghosts in the closet to cover up, they say what that business operation is doing wrong. They make an unbiased report and, if that report is acted upon, as it is in business, the savings are usually far beyond the wildest dreams of the people running the company.

From practical experience I can say that it is impossible to know where you are being inefficient when you are close to the business, as you are when you are operating within a corporation. It is the kind of thing that we have urged this government to do with the various departments, particularly the Department of National Defence, but it seems that this government just does not want to listen to that kind of thing. I suppose that it is because they know that they have too much to hide.

The usual excuse is that it is not in the public interest to have outside investigators look departments over. I say it is far more evident now that it is not in the best political interests of the Liberal party to have these operations looked over on the eve of an election. I suppose, Mr. Chairman, that we are going to have to wait until we take over in a short time—

An hon. Member: What? How long?

Mr. Hees: —to bring in the kind of investigation that will clean up this government.

Mr. Stuart (Charlotte): Might I ask the hon. member a question?

Mr. Hees: Certainly.

Mr. Stuart (Charlotte): Do you take the same view with regard to the examination of the South Saskatchewan project and the report?

Some hon. Members: Hear, hear.

Mr. Hees: I would like to know how that has any bearing on what I have said. If you want me to give you a short talk on the South Saskatchewan river project I shall be very glad to do so.

I think that the building of the South Saskatchewan dam is the best way I can see to provide hydroelectric power which will make it possible to give the province of Saskatchewan industries which it badly needs to diversify its activities—and if you are against that, get up and say so.

The Deputy Chairman: Order. We are discussing the estimates of the Department of National Defence, not the South Saskatchewan river project.

Mr. W. Ross Thatcher (Moose Jaw): Mr. Chairman, I only want about five minutes in this debate and, like other members who have already spoken, I certainly do not presume to set myself up as an expert on national defence. However, there are several questions which I would like to direct to the minister or, in his absence, to one of the parliamentary assistants.

I think it is a fair statement to say that the Currie report, the MacNab report, the Auditor General's report and similar documents have shocked Canadians recently. During this present session of parliament we have seen increasing evidence from time to time that the taxpayer is not receiving value for his defence dollar.

Ministers of the crown, in a very general way, have denied that there is extravagance or waste. But no minister so far has satisfactorily explained to parliament or to the Canadian people the great disparity between Great Britain, the United States and Canada in the cost of equipping one man in each of their armed forces. I hope that before this debate is through either the minister or the parliamentary assistant, who has studied this problem, will give an answer to that question, because I think it is very pertinent to know what are the comparative costs of equipping a man in each of these allied armies. I realize that there are a great many complicating factors in trying to arrive at a figure, but I went to the offices of the British high commissioner and to the United States embassy to try to get their figures in this connection. Some of the figures which I obtained I believe are pertinent, and I should like to lay them before parliament.

The British high commissioner's office gave me a copy of the British defence minister's report to parliament of February, 1953. On page 9 of this report we find that at April 1 of this year Great Britain had 879,800 men under arms. On page 22 of the report it is stated that the defence budget this year will total £1,636,760,000, which at the existing exchange rate of $2.80, brings it to about $4·583 billion. In other words the cost to the British taxpayer for each man in his armed forces is $5,210. These are the official British figures.

I also have here the United States publication put out by the office of the president of the United States and headed "The Federal Budget in Brief." Quoting from page 10, I read:

> The 1954 budget provides for an average strength of more than 3·6 million.

On page 11 it is stated that during 1953, $44·4 billion will be spent on the armed

forces. Therefore, according to official United States figures, it is costing the United States taxpayer $12,333 this year for each man in the armed forces.

Yesterday the Minister of National Defence tabled the white paper on Canada's defence program. On page 15 of that paper we find that Canada, as at March 31, had 104,486 men in the armed services. According to the estimates of the Department of National Defence and the Department of Defence Production, we will spend this year $2,068 million for defence. It is then costing Canada $19,792 to equip one man in our services, or almost four times what it is costing for each man in the British service.

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

Mr. Thatcher: If the hon. member will just allow me to continue for a moment, I shall be very pleased. I know that someone is going to say, what about mutual aid? Suppose we take mutual aid of $32 million off the figure, and we will arrive at an average cost of $17,750 for equipping one man in our service.

When you remember that Great Britain is fighting a war in Malaya, when you remember that she is guarding the Suez canal, when you remember that she has one of the largest navies in the world, I think there is something wrong. When you remember that the United States is bearing the brunt of the Korean war, when you remember that she has divisions in Europe and divisions in Japan, their figures seem to be out of line with ours. It has been suggested that the Canadian defence department is also equipping the reserve army, and that would affect the Canadian figures. I admit that, but surely the same is true of Great Britain and the United States. It has been suggested also by the defence department that the lack of conscription in Canada is a contributing factor. I think that, to a degree, that explanation is reasonable, but I do not think it can explain such a huge disparity.

The government says there is no waste or extravagance in defence spending. Well, I suggest that these per capita costs indicate that there is either waste or extravagance or gross mismanagement. I challenge the Minister of National Defence or one of his parliamentary assistants to tell the Canadian people why our figures are so out of line if there is no waste or extravagance.

If the hon. member wants to ask me that question before I proceed to one other matter, I shall be glad to have it.

[Mr. Thatcher.]

Mr. Applewhaite: I wanted to ask the hon. member if he had compared the position of the United States $44 billion figure which he quoted with the position of our $2 billion figure, not only with respect to mutual aid but with respect to capital expenditure on defence construction and so forth, or whether he was endeavouring to create the impression that the $2 billion Canada spends is spent entirely equipping men in the forces?

Mr. Thatcher: I went over that with one of the United States officials and got the figures which he felt were comparable to our own. Now, if there is something wrong with them I should be very glad to have it pointed out. As I see it, the comparison as I have put it is a fair one.

There is only one other aspect of our defence program which concerns me as a layman and which I should like to mention at this time. I seriously question the wisdom of this nation pioneering, as it has been doing, in the field of advanced military weapons. It seems to me that this phase of defence could be better undertaken by our allies, Great Britain and the United States, who have greater facilities. For example, in recent years Canada has spent hundreds of millions of dollars, as has been pointed out today, experimenting in the field of advanced military aviation. Much of that work has been duplicated by other NATO countries.

Let us take the CF-100 project which has been bandied about a good deal today. I think it is obvious that for about four years this project has been dawdling along very slowly. The latest figures I have seen show that it has cost the taxpayer roughly $130 million, and about 16 planes have come off the assembly line. I think it is obvious to an unbiased observer that this CF-100 project, if it is not a fiasco, is at least a very costly experiment. I recall that the F-86 project was started at roughly the same time under United States licence. My understanding is that about 700 F-86 planes have come off the assembly line. I think there is a lesson to be learned from that comparison. It may give us a sense of real pride to read of Canada's achievements in this field, but I think at the same time parliament should keep in mind the staggering costs to the taxpayer. In addition, there is always the danger of one of these advanced weapons bogging down some place between the blueprint stage and the production stage.

We have read newspaper reports to the effect that the department is planning on going into further advanced fields in so far as military planes are concerned. I have seen the figure of $100 million bandied about for a new fighter. I think such costs are

unnecessary, and I contend that the taxpayers could save millions of dollars and still we could have weapons which were just as effective or better if, instead of taking on the present headaches of pioneering and design, we were to leave those to Britain and the United States. Then we could manufacture under licence in this country the best weapons which those countries could produce. It would be much less costly, and I think we would have just as good or better weapons.

I hope that before this debate is concluded the minister will tell me if there is something wrong with that suggestion. I have other suggestions to make during this discussion, but I shall leave them until the details of the estimates are being considered.

Mr. E. G. Hansell (Macleod): Mr. Chairman, I should like to say a word or two on the first item in the estimates of the Department of National Defence. Like the speaker who has preceded me, I do not claim to be an expert on defence. As a matter of fact I have never fired an army gun in my life. I have never been in the army, the navy or the air force, and know very little about that. The last gun I ever fired was a 12-gauge shotgun, and it kicked so badly it knocked me over and I lost my hat. However, I got the bird.

While I do not claim to be an expert, nevertheless I am interested in the defence of our country. I have personal reasons also for being interested. I had three sons, one of whom I lost in the war. Of the other two who went through the last war, one is at present a flight lieutenant in the Canadian air force.

I wish to speak on what I might term broad policies with respect to defence. I have always adopted the view that it is best to be strong for the purposes of self-preservation. I have not been a keen critic of the defence department. I have more or less left such responsibility with the government as a responsibility of trust. I have never criticized individual expenditures unless such expenditures may have affected my own constituents in some direct fashion.

If I have been critical at all, it has always been of broad policies such as those which existed during the war; I refer, for instance, to the policy of the conscription of men, whether necessary or unnecessary, and to broad questions affecting war measures which involve defence policy at large. After all, I feel that policy with respect to war, defence and international relations governing defence are the more important issues. Therefore as I rise to speak on this item I feel impelled to say a word or two with respect to policy.

Toward the conclusion of his speech yesterday, when the estimates of his department were introduced, the minister welcomed the apparent shift in Soviet policy. I am sure we all welcome any change in policy that will lead to a better understanding between the nations of the world and particularly between the Soviet and what we generally term the western or free democratic nations of the world. The policy now apparently adopted by the Soviets looks to be one designed to thaw out the cold-war policy that has existed in the world for a number of years.

Even though the minister may have welcomed this shift in Soviet policy, it seems to me that one or two questions must be asked and that those questions should be answered. The one question that gives me a good deal of concern—and it must give the minister similar concern—is whether or not communism itself ever changes, or whether communism always remains the ruthless ambition for world dominance and world dictatorship. If the answer to that question is that communism never changes, even though communist tactics may, then we must conclude that the present shift in policy is a tactical one. If we come to that conclusion, then we must ask ourselves the question: What is the reason for this tactical shift in Soviet policy?

If I am not mistaken, the general consensus is that the Soviet have always played their cards with some expectancy that what they call the capitalist system would eventually collapse; and by carrying on a cold-war policy which to some extent has avoided a universal war, they have hoped that the economies of the western democratic world would collapse. If such an event took place, then of course they expected that the result would be a depression of such great proportions that the western democratic world would be a fertile breeding ground for communism, and that it would become strong within the democratic countries.

I think it is conceded by some that one thing that is keeping the economies of the western nations—and I should say particularly the North American economies—in a reasonably prosperous position is the vast amounts of money being appropriated for defence, a fact which is reflected in a fairly high level of industrial activity and employment. I think it is generally believed that should reasonable assurance of peace be accepted, thus bringing about a condition where defence preparations would not be so necessary, we would consequently be headed for a business recession and perhaps a very serious economic depression.

The question that should be asked is what policies would be pursued. The government of the day should be farsighted enough to be

able to answer the question as to what policies, financial or otherwise, they are now contemplating to prevent the occurrence of a business recession or a depression. This is a question that has been asked on previous occasions, if not directly at least by very direct inference over and over again. Yet to my knowledge the government has never sufficiently answered the question. It is a very important one because the people who have to pay the bills ought to know. If Soviet calculations are correct that what they call a capitalist collapse is within the realm of possibility, then what policies would the government pursue? We have yet to have that question answered, and it is an important one.

There is another question that should be answered; and I am aware of the fact that in concluding his speech yesterday the minister was very careful to state the reason he was asking for such vast sums of money. I have gone over the last page of his speech very carefully. The minister is an able gentleman. He was not speaking from a prepared manuscript, but I daresay he watched every tiny word and every tiny comma in the conclusion of his remarks yesterday. Should peace come in Korea can the people of Canada expect a reduction in defence expenditures? That is important.

In conclusion may I mention one or two things in respect to a broader international policy involving defence. The hon. member for Temiscouata this afternoon indicated that he was interested in any defence policy having to do with the defence of Canada proper. I fancy that what he intended to convey was that he was not particularly in favour of vast expenditures for defence in other parts of the world. Perhaps I did not interpret him correctly, but that was the impression I received. I am not going to comment on that except to say that I believe Canada's voice should be stronger when it comes to the determination of foreign policy affecting our defence efforts abroad. We are all aware, and it is coming to light now, that in the recent past we have had nothing whatsoever to do with certain secret agreements that have been struck by the leaders of some nations, and particularly of one other great world power.

That just is not good enough. If we are to be called upon to support armies, navies and air forces against what might appear to be an aggressor, then we should demand to be heard in respect of agreements that might be struck behind the scenes. That has not been our experience in the past. We were not consulted with respect to the policy of turning Manchuria over to the Soviet, and not only turning Manchuria over to them but with Manchuria millions and millions of dollars worth of excellent war equipment, which the Russians eventually turned over to the Mao communist administration of China to handle, and which became the base of their operations in the present struggle in Korea. We were never consulted about that, yet we are called upon to share in paying the bill.

We were never consulted in respect of the reversal of United States policy in China, which was largely responsible for communism taking over there. Some of these things, in my belief, were blunders on the part of a very large world power; but when trouble comes of course we are asked to help overcome that trouble by taking part in a shooting war. I repeat, that is not just good enough. I do not know to what extent we were called upon to enter into a discussion on whether or not General MacArthur should have been withdrawn from that scene, a man who to my mind knew the score in respect of oriental policy, if I might put it that way, at least policy in China and Japan. I do not know whether we were called in for consultation about these things or not, but we should have been. At least if we were not, then we would have a perfect right to say: well, we are not going to send men over to give their lives for what might be the protection of the blunders of others, whose blunders have been made in secret.

I do not know what is going to happen as a result of the present Korean struggle. I do not know if anybody else does. Whether it is going to wind up eventually with the 38th parallel being the line separating communist North Korea from Syngman Rhee's regime in South Korea, I do not know. I do not know whether it is going to result in communism boring from within in South Korea and getting all they want anyway. I do not know and perhaps nobody else knows, either.

Those are broad policies that we have to look at. We do not know what is going to result, even in Japan. We do not know whether communism may or may not bore in there and thus cause us to lose the position we once occupied, at least in the East. We do not know what is going to happen in India and other countries. I realize that these are broad matters and that someone has to make decisions. What I am saying is that when decisions in respect to these things are made we should be brought into consultation and not expected just to help fight a war, to give the lives of our young men and to give our money in order to protect the ultimate result of someone else's blunders.

Most likely the minister will be replying to the speeches that have been made and answering the questions that have been asked, and I wonder if he would answer one or two that I want to put to him. What policy does the government expect to pursue in case peace should be achieved in Korea? Are we to expect such vast expenditures to continue? Does the government regard the present Soviet move as one intended to bring about normal peace among the nations of the world, thus eliminating the necessity for such vast expenditures and bringing about a depression? What policies are the government going to pursue to prevent such depression and the making of the western nations breeding grounds for communism?

There is another question I believe the minister should answer. How much in dollars has Canada contributed toward the Korean war? That may be a little hard to determine, although it should not be too difficult. It may involve some actuarial figuring, because we know that as we carry on the training of men, as we erect various buildings necessary for the defence of Canada, as we bring into being schools and barracks and air runs, and as we provide equipment of one kind and another, these are general defence expenditures and it cannot be said just what part is for the Korean effort. But I think we should be able to arrive at some sort of comparable estimate. I repeat that I would like the minister to say just how much the Korean war has cost the taxpayers of Canada.

That is all I want to say at the present time, but I repeat that we must be careful in respect to broad international policies which involve Canada, and in connection with decisions made by other powers.

Mr. Rodney Adamson (York West): Mr. Chairman, I am sorry the minister is not in his seat, but probably the associate minister will be able to answer the questions which I shall bring up and which I think are fairly fundamental to our whole defence policy.

It appears from the white paper and everything that has been said by the minister and the other spokesmen for the defence department that Canada's role is to build a purely defensive force. For instance, in the air we are building fighters and interceptors, but the R.C.A.F. is to have no bombers. At sea we have anti-submarine vessels, there is a new aircraft carrier to come, we have two old cruisers, but no submarines. In the army we have a military force which has a very low percentage of armour. The question is: Why not bombers? Why not submarines? Why not more armour? I shall discuss that in more detail in a minute.

I realize that defence production and the production of arms is dependent entirely upon the national economy. If we use too much of the national effort to produce arms we put our economy in unbalance. A well-rounded defence force, however, must have strike-back weapons; it must have some weapons of offence. There are two ways to destroy a bomber. One is to shoot it down when it is attacking your target, and the other is to destroy the plant that makes the bomber before that bomber can attack your target.

I realize that this is a problem of some magnitude and that probably a compromise decision must be made, but it seems to me that with the history of the R.C.A.F. and the ability we showed in bombing during world war II, and considering the time that it takes to train a bomber crew, let alone a bomber wing we should now be at least training bomber personnel. All this is something to which consideration must be given at the present time. Study must also be given to the resultant effect upon technical manpower. But it seems to me that to have your air force composed entirely of fighters and interceptors, with trainers of course, is to have an air force which is in unbalance. Naturally the main problem is the defence of Canada and undoubtedly we should concentrate on interceptors and fighters, but to ignore entirely the bombing arm is, I think, open to question.

I come now to the matter of the provision of a striking naval arm which we are building so many ships to combat. I refer to the submarine. The same firm, Canadair, that is building Sabre jets and the other fighters which I shall deal with in a minute is also producing submarines. It is probably the world's premier submarine-producing firm. I refer to the Electric Boat division of the General Dynamics Corporation. The first atomic submarine cost the firm $19 million. I happen to be a shareholder of the firm because I was interested in national defence and what they were doing. In their report they have stated that the first atomic submarine cost approximately $19 million.

With a company that is already building submarines and with quite a considerable naval construction industry within our boundaries, surely there is some argument that we, whose life depends on an anti-submarine navy, should give some consideration to the advisability of the construction of submarines, particularly as we have a liaison with

this corporation which is building Sabre jets. Modern naval thought is that a submarine is the best defence against itself.

The minister may say that the construction of this type of vessel is entirely beyond our means. I should like to point out that this firm is not only building two atomic submarines but built three new high speed submarines for the United States last year as well as two target submarines, and has also built two large guppy submarines, the Tiburon and the Lobo, for the republic of Peru. Surely if a small country like Peru considers that the submarine is not beyond the capabilities of the country, some consideration should be given to the matter by Canada where the question of building an anti-submarine navy is of such paramount importance not only to us but to the whole free world.

Coming now to the question of the provision of armour for the military side of our defence forces, that has been dealt with before; but I feel that the more we can develop the army into an armoured force the more effective it is going to be. We can never have a large army. Our manpower precludes that, but because of our national characteristics and the mechanical ability of the Canadian people we have a flair for the production of armour and the utilization of armour in combat. I feel that the ratio of armoured to non-armoured troops should be increased in favour of armoured.

Considering the most important question of all, the function of the R.C.A.F. in the design and production of aircraft, the R.C.A.F. is a fighting service. Its primary duty is to fight. To ask a fighting service to superintend the construction and design of aircraft is to ask it to step out of its role. Not only do you not have trained engineering officers in a fighting service, but because of the rotation of officers you do not get the permanency which is required when you go into something like the production of fighter aircraft. I commend that some consideration should be given, and some discussion should take place in the house, as to the possibility of setting up a similar establishment to the ministry of supply of the United Kingdom to which technical officers are seconded from the R.A.F. Together with engineer officers you have business people with the business know-how who deal with the problems of supply and the production of aircraft. I think that the lead the United Kingdom has today in new types of aircraft is better evidence than any that I can give of the effectiveness of this procedure.

Dealing quite briefly with Canadian production, the Canadair annual statement, which has come to hand today, shows that they completed 453 F-86E Sabre jet fighter planes for the Canadian government in 1952. They received an order for 300 to 400 Sabre jet fighters from the British Royal Air Force. They completed the first of more than 500 T-33 Silver Star two-seater jet trainer planes for the R.C.A.F., and they prepared for the production of T-36 defence trainer transports with piston engines for the United States air force. I mention that because there you have a private company, a company with shareholders, with, I submit, a very satisfactory record in the last year so far as the production of aircraft is concerned. If nothing else shows the importance of the government divesting itself of interference with the aircraft industry, the statement of the Canadair corporation certainly does.

I will deal quite briefly with the situation at Avro. The problem of designing and producing a prototype of an entirely new aircraft, which the CF-100 is in its various marks up to the Mark 4, and producing in quantity and delivering to the service does not seem to be understood. As has been stated, the designing of the CF-100 commenced in 1947. The time to flight of the first prototype was 33 months. The time for the second prototype was 39 months. The time to delivery of first production after that was 22 months, and the time to series production in quantity and delivery to the R.C.A.F. was approximately six years. For a new aircraft, from the drawing board and with new engines, I contend, Mr. Chairman, that that is a very creditable performance and one of which we should be extremely proud. The hold-up in production of the CF-100 has been the interference of the government with the A. V. Roe Company and the system by which the R.C.A.F. controls design and interferes with the production of the aircraft right the way through. I suggest that even these figures would have been greatly improved if some mechanism similar to the United Kingdom ministry of supply had been in force in Canada. I earnestly ask the minister to comment upon that.

I want now to say something about subclause 141 on page 26 of the white paper. It is the last sentence discussing the CF-100, and it reads:

> On the other hand, funds expended for aircraft development in Canada support and encourage Canadian design and development organizations, essential to the growth of the Canadian aircraft industry.

I wish the cabinet would read that sentence every day. There is nothing more important to the development of this country than that we should have our own design and our own

aircraft industry. To allow the aircraft design team, or call it what you will, at the A. V. Roe Company to be disbanded or to fall into disuse would be nothing short of criminal. I say that because of bitter experience at the outbreak of the last war. We had in Canada no aircraft industry and no people competent to design aircraft, so we were fobbed off by the United Kingdom—the United States was not in it then but the United Kingdom was—with the production of obsolete or obsolescent types of aircraft, because the United Kingdom manufacturers did not believe that it was within the competence of Canada to produce aircraft. I remember very well the hon. member for Quebec South calling me a fifth columnist, when I made my maiden speech in this house some 14 years ago, because I said that we were being fobbed off and asked to produce obsolete and obsolescent aircraft.

Mr. Chairman, we can never be put in that position again. We must have an aircraft design organization and an aircraft development organization in Canada that will keep us up in the very forefront of aircraft production. Not only is that good national defence, but it is good economics. It is a matter of dollars and cents. The cost of design for the CF-100, that is design and development costs to date, runs somewhere under $12 million, dating from 1947 to the present time, 1953. On the total order for the CF-100, up to the Mark 4 which they are now about to produce, that amounts to about $13,000 per aircraft.

Well, Mr. Chairman, I have looked through the report of the General Dynamics; and for licence fees to produce the Sabre jet, and patent fees and royalties which we have to pay to produce an American-designed aircraft, as far as I can find out the figure will run to very nearly $20,000 an aircraft. That figure covers all of the patent fees and all of the licences and other things concerned. It is money that is first of all lost to Canada, and which pays no taxes. Second, it is money that goes elsewhere to build up the design and development facilities of someone else's aircraft industry. I contend, Mr. Chairman, that it is not only bad business but it is bad national defence in every way. Today we have the Avro firm with the results they have produced, with a keen and alive team, and we must allow this teamwork and development to go on. We must act at once, and in this connection I would hope that there would be an immediate announcement that the production of the new aircraft, the CF-104, which I shall call the Orca, should be proceeded with immediately.

We have seen that the life of an aircraft is limited in years. What the continuous life of the Sabre will be we do not know. We do not know when the Sabre will be replaced by the turbo-jet, but it will be replaced; and we know that the Sabre has only a certain number of years of useful life ahead of it. We also know that the CF-100 has only a certain number of useful years of combat life ahead of it. We have a limited amount of time, not much, and I contend that the CF-104 should be given the green light and proceeded with at once.

I want to quote some figures to give an example of what the United Kingdom aircraft industry is spending on development. The United Kingdom is spending some $160 million in the year 1952-53 for aeronautical design and development; and the research establishments are spending $70 million. The United Kingdom, with a frightfully heavy tax burden and shortage of materials, considers it desirable to spend money in these large amounts for research and development alone. Surely the comparatively modest amount which it will cost to develop our own aircraft in Canada should be willingly and gladly spent. The amount that it will cost to carry this on is quite modest. I have heard that the figure will be something between $5 million and $10 million a year. Mr. Chairman, we can never again fall back on someone else's design of aircraft.

In this regard I wish to disagree completely and absolutely with the statement made by the hon. member for Moose Jaw. It is bad national defence to do so, and not only that; it is bad economics. We cannot allow our engineering brains to leave this country and develop the aircraft industry in another country.

Mr. George A. Drew (Leader of the Opposition): Mr. Chairman, we are not only dealing with the department of government which asks for by far the largest sum of money from the taxpayers of Canada through their representatives now meeting here; we are also dealing with a subject which is of most vital concern to every Canadian at this time.

Yesterday a very distinguished soldier, with the widest experience of any officer in Canada today, placed on the record a clear and unchallengeable analysis of the failure of the Department of National Defence to provide national defence for Canada. The hon. member for Nanaimo has, in his own service, embraced not only the different ranks of military service but the different problems of military service in a way which I believe is unequalled by any other single officer in this country. Out of that great experience he

has given us an analysis of the present situation. No white paper, no generalities, no interjections about equipment being designed for NATO, constitute an answer to that analysis of our defence which calls for action, not by the Minister of National Defence but by the government of Canada.

My remarks this afternoon are not directed to any one minister. They are directed to the government of Canada which is responsible for this shocking failure which has been exposed in terms that cannot be denied. Let us see exactly what the government itself declares to be the purpose of our defence objectives. These are stated on page 5 of the white paper issued the day before yesterday under the title "Canada's Defence Program." Under the heading "Canada's Defence Objectives", we read the following:

The objectives of our defence policy remain the same as heretofore:

(1) The immediate defence of Canada and North America from direct attack;

(2) implementation of any undertakings made by Canada under the charter of the United Nations, or under the North Atlantic Treaty Organization, or other agreement for collective security;

(3) the organization to build up strength in a total war.

Mr. Chairman, those are the objectives as declared by the government. Surely, therefore, it is appropriate that we should examine what the result has been from the expenditure of over $5 billion since the end of the war, and more than $4 billion since the beginning of the period which commenced with the act of aggression in Korea.

Let us deal with the second item first. In so far as the implementation of any undertakings made by Canada under the charter of the United Nations or under the North Atlantic Treaty Organization or other agreement for collective security is concerned, we must, in a very large measure, accept the statement of the government without too complete information as to the details. Those who have already spoken have indicated their own admiration for the high standard of efficiency displayed by these young men in uniform who are taking part in the various duties which constitute the implementation of these various agreements. Every Canadian shares the pride that is the proper appreciation of the gallant and courageous action of our young men in the different units serving in Korea. Those who have seen their services, and those who have seen the other units now outside of Canada, have expressed their admiration for the way in which those young men are taking their part in the various operations that are part of our attempt to defend freedom by a plan of collective security.

[Mr. Drew.]

I have seen the Canadian troops in Europe. They are giving Canadians the same reason for pride that Canadians have given in other places where the Canadian uniform is worn. I have seen the Canadian squadrons in Europe. I have seen the operations of those squadrons, and I have also had reason to know something of the admiration that is expressed for those young men who fly the aircraft which have gone from Canada to Europe. I have seen something of our naval forces, and I know the splendid job they are doing. It is because our young men and young women in uniform are always capable of giving a good account of themselves, and adding new reasons for pride in the name of Canada which they carry on their shoulders, that we should recognize the extent to which many young Canadians today, both men and women, are being denied the opportunity to give the kind of service they want to give by the failure of this government to fulfil its own undertakings in regard to the defence of this country.

Nothing that is said here can be interpreted as any reflection on the young men and women of Canada, either in uniform or out of it. It is because we know how good they are that we have a right and a duty to examine what the situation really is, and what the facts are in regard to the defence of this country at this time.

I have referred to the second item of our defence objectives, and I say that to the extent that we know what is being done, we certainly have reason for pride in the achievements and conduct of the young Canadians who have gone from Canada or are training in Canada to fulfil our obligations under the charter of the United Nations, the North Atlantic Treaty Organization or other agreements for collective security.

But then let us examine the other two. Let us remember that we are told that the first objective is the immediate defence of Canada and North America from direct attack. The hon. member for Nanaimo yesterday pointed out—and gave supporting figures—that in spite of this tremendous expenditure the government has not provided for the defence of Canada and North America from direct attack. In fact the hon. member for Nanaimo has made it clear that not one service—the army, the navy or the air force—in so far as the direct defence of Canada is concerned, is in a position to meet an attack of that kind.

Then also there is the other item under Canada's defence objectives: the organization to build up strength in total war. The statements made by the hon. member for Nanaimo

and by other hon. members who spoke yesterday and today have made it perfectly clear that we have not today the organization to build up strength in total war or otherwise.

Mr. Chairman, the defence of Canada against the possibility of direct attack simply does not exist. With all the fine spirit of those who seek to serve, our naval defence is inadequate for that purpose; our air defence is non-existent; and the army defence is wholly ineffective for that task because of the limitation upon mobility and the lack of equipment to which reference has already been made.

I think some further reference should be made to our reserve forces. At all times it has been recognized that in this country the reserve forces are the backbone of our defence. We never at any time have pretended that our permanent forces are adequate in peacetime for the defence of Canada. It is to the reserves that we look for the larger numbers and the possibility of expansion. That has been the case through long years of the military history of Canada. Today the reserve force is simply not being allowed to fulfil its allotted task; and that statement applies to every branch of the reserve forces.

Mr. Chairman, I do not intend to go through one unit after another in order to indicate the situation with which the reserve units of this country are confronted at this time. I wish, however, to refer to an interjection made by the Minister of National Defence yesterday when, in reply to a statement by the hon. member for Calgary East, as reported at page 3833 of *Hansard,* he said:

> The hon. member must know that the equipment to which he refers is being taken away to be rehabilitated and then shipped to Europe, and will be replaced by equipment of the latest type. That procedure is well under way.

I wish to speak about that interjection, because it referred to a statement that arms and equipment had been taken away from certain reserve units and that they were incapable of performing their responsibilities. The answer given by the Minister of National Defence is not in keeping with the understanding of the reserve units which find themselves in that position.

It is by giving specific illustrations that the general situation can best be understood. Let me give the example of one artillery regiment. I am under the impression that the figures I give in this case will be found to be repeated generally in the case of other artillery regiments across Canada. I will give the figures in regard to an artillery regiment of three batteries. It happens to be one of the oldest artillery regiments in Canada, with a record of efficiency which indicates why it is certainly a perfectly fair test of the present situation.

That regiment, in addition to its headquarters, has three batteries authorized. Two of those batteries are at present activated. The number of guns required for three batteries of that type is 32 for that regiment. That regiment at present has four guns instead of 32. A year ago it had eight. Four were taken away. The four that remain cannot be fired. In fact they cannot even give effective training with the four guns they have, because not one of those four guns has a breech-block. Everyone with any knowledge of gunnery training knows that, without a breech-block, you cannot give effective training in loading and firing guns.

Last year it was decided that the breech rings on the guns needed to be changed. The regiment was informed that these guns could not be fired. Four of the guns were taken away, not with any explanation that they were to be sent to NATO but with the explanation that they were to have the breech rings replaced, and with the understanding that the guns would then be available for firing practice. The other four guns remained, but they could not be used for firing. As far as that is concerned, they could not give the members of the battery effective training anyway, because the tractors that haul these guns are not adequate for the job. Therefore even if they could give effective gun drill, they cannot train the men for the camp to which they are expected to go during the coming summer in this very critical period.

Up to a month ago they had eight gun tractors. Five were taken away. Now they have only three tractors. The jeeps were taken away a year ago, with the understanding that they were to be replaced; but they have not been replaced. The fact is that this artillery regiment, which certainly can be shown to be one of the better artillery regiments in Canada, is worse off from the point of view of equipment than it has been at any time since the war. To my knowledge it is worse off than it has been at any time either since the last war or in between the two world wars. That is the situation with which we find ourselves confronted after $5 billion has been spent for defence.

Mr. Claxton: Will the Leader of the Opposition let me know the name of the regiment? Would he mind doing that?

Mr. Drew: I shall be very happy to let the Minister of National Defence know the name of the regiment, and I shall do it outside of the house. I have no doubt he is aware that

I have certain contacts with certain artillery regiments in this country, and I shall be very happy to let him know.

Mr. Claxton: Is it your old regiment?

Mr. Drew: I shall be very happy to let him know the name of the regiment. The minister is aware that I have not completely severed my association with the artillery.

The situation is this. These units are trying to train gunners without serviceable guns. They are trying to train gunners for camp this summer in what we are told is a very critical period without the opportunity to give them adequate tactical manoeuvres. These units cannot even do what are described as dry exercises, under which the gunners could be given some impression of what their duties will be in camp. Nor are those who will be charged with the responsibility for handling the movement of the vehicles being given the type of training that will qualify them to perform that task when they go to camp. As everyone knows, whether they have been with one service or another, it is not simply a case of getting onto a tractor and then moving that tractor. There are involved movements by signal which call for a great deal of training. The officers of these units, when they are carrying out their exercises in preparation for camp, are called upon to use their own automobiles for that purpose. They are using their own private cars for command post training.

I have not given these figures, Mr. Chairman, with the idea that this is an isolated case. It is not. Right across Canada units find themselves in a similar position today in varying degrees. If a reason is sought for the inability to maintain the enlistment level of our reserve units, it will be found in the atmosphere of utter unreality which is created by the shortage of weapons and equipment in the reserve units of this country at this time. That remark applies to other branches of the army as well as the artillery.

It is extremely difficult to get young men, keen young men, anxious to perform some useful task, to go through the movements of drill when they know that what they are doing has little relation to the kind of training they will be called upon to do in camp. If this were a period in which we had been spending little money then of course one might understand and even seek to justify a situation of this kind. How is it possible to justify a situation of this kind after an expenditure of $5 billion? There can be no justification. If our present results are to be the measure of what we get for $5 billion, then think of what would happen to Canada if by any unhappy chance we were called upon really to take part in war. God forbid that that should happen, but there is no sensible person who does not realize that this training is done with the knowledge that the dreadful possibility of war is always there.

If what we have now received for the expenditure of $5 billion is to be the measure of the result of such expenditure, then this country would literally almost bankrupt itself if it were called upon to raise the forces that we might be called upon to raise with the serious threat of a more imminent emergency than that which now confronts us. These figures, this expenditure of $5 billion and the inadequate results flowing from that expenditure, indicate why this parliament and the people of Canada should have assurances which have not yet been given to them.

I hope no one is going to imagine that after the consideration of these estimates we are going to know very much more about the details than we know now. We have learned by experience that this government will use its majority at any time to close the door upon information that we are seeking. We do know that there has been waste, extravagance and inefficiency of the most astounding kind. We know that from the very small measure of information which has come to us as a result of inquiries which have been conducted. We know that within the very limited area of the inquiries which have actually taken place waste, extravagance, and inefficiency give a very clear indication of why we have these inadequate results after the enormous expenditure of money which has taken place.

Effort after effort has been made to have a complete and exhaustive inquiry into the whole organization and administration of the Department of National Defence, which was found to be inefficient by the one impartial inquiry which has gone into the administration of that department and which we have been permitted to examine. Statements made within the last few days, Mr. Chairman, have not been reassuring. In the white paper tabled the day before yesterday we find this statement:

> During 1952-53, in addition to meeting its own requirements, Canada was able to sell a number of F-86E Sabre aircraft to the United States for successful operation in Korea.

Then in *Hansard* of yesterday, the following day, we find the minister giving us information in the following words, as reported at page 3809:

> We have deliberately postponed the equipping of our own forces with additional Sabre fighters in order to make Sabres available to the United States and to Britain.

There are several clear inconsistencies between the white paper which was tabled the day before yesterday and the statements made yesterday by the minister, and there are inconsistencies as between the various white papers. But these are not things which call for our attention to the same extent as the simple fact that after the expenditure of more than $5,000 million the reserve forces of this country are incapable of performing the tasks allotted to them and of meeting the test laid down by the government itself in regard to those defence forces.

We also have the fact, and it is an alarming fact, that in spite of these enormous expenditures our defence forces are not capable of undertaking the immediate defence of Canada from direct attack. That is the first objective of our defence preparations as declared by the government itself. The government has already spent $5,000 million and asks for more than $2,000 million more without having gone very far toward meeting that first requirement, according to its own statement.

Nor have we met the requirement stated by the government of an organization to build up strength in total war. We know that one of the ways in which we can most likely hope to prevent war is to have it known by Russia that there is in Canada as in the other free nations an organization capable of building up the strength of the defence forces beyond those now in existence. Those requirements have not been met. It is a story of failure for which this government has given no effective answer.

I repeat that my remarks are not directed to the Minister of National Defence; my remarks are directed to the Prime Minister and government of Canada. This is their responsibility. They are asking the people of Canada to provide this year more than $2,000 million on top of more than $5,000 million already spent. We should have and the people of Canada should have at this stage assurance by the Prime Minister on behalf of the government that in the face of these admitted inadequacies there will be an immediate, effective and complete inquiry into the administration, organization and general activities of the Department of National Defence.

We are not going to be able to change this situation during the course of the discussion of these money items now before us. We know perfectly well, having regard to the policy of the government, that we are not to know very much more after these estimates have been dealt with than we know now as to what the results are going to be. Let anyone outside of this house who suggests that the opposition could have obtained more information than they did remember that the government has denied an opportunity to obtain information in the one effective way in which it could be obtained. It was effective in that limited case where less than one per cent of the expenditures was under examination. We have sought a similarly effective examination in regard to the total expenditures of the department.

Recognizing that we cannot obtain the facts from a government which uses its majority to deny the facts, I urge that the Prime Minister on behalf of the whole government reassure this house at this time and reassure the people of Canada, who now learn that they have not the defence they had the right to expect, that there will be a review of the organization, administration and accounting of the Department of National Defence as a result of which we may expect to get results from the money that we are called upon to spend.

Mr. Claxton: Mr. Chairman, the Leader of the Opposition in his opening remarks properly gave praise to the personnel of the Canadian forces in the Far East and in Europe. He did that under the head of speaking about the second objective of our national defence, namely the implementation of any undertakings made by Canada under the charter of the United Nations or under the North Atlantic treaty or other agreements for collective security.

If I understood him aright, the Leader of the Opposition said that with the information available he felt that in this respect we were doing what we said we were doing. That is all right. There are three objectives in our national defence which we have set out. The first is the defence of Canada against immediate attack. The third is to enable us to mobilize our resources to meet an all-out objective. The second, at this time of cold war and of activities in Korea and of the building up of the strength of the North Atlantic treaty nations in Europe, is really part of the other two.

Who is to say which should come first. In the view of the government they are all part of the single problem of national defence. They are aspects of one thing that has to be done. We must take our part in the cold war and at the same time be prepared for a hot war should it come.

In his speech the Leader of the Opposition praised our soldiers and by necessary implication acknowledged the part played by the government, by the department and by the armed forces in respect to that very important second category, carrying out our commitments to the United Nations in Korea

and to the North Atlantic Treaty Organization in Europe. This is the first time in six years that the Leader of the Opposition has made such an acknowledgment. If he stays on that side and we stay on this side of the house, as we all expect will be the case for some time further, it may be that he will be in a position next year or perhaps the following year to acknowledge that we have done equally well on the first and third points, because we are just on the way to getting there.

The building up of our armed forces at the rate at which it has been done has been, as we all know, a large job, and it has been a complicated one. In his remarks the Leader of the Opposition made several sweeping assertions, but he based his whole case largely upon the analysis that had been made by the hon. member for Nanaimo. I propose, in replying to hon. members who have taken part in the debate so far, dealing with as many points as I can and answering such questions as I can without delaying the house too long, to begin by taking up the remarks of the hon. member for Nanaimo.

He said in his speech yesterday, if you remember, that our one and only aircraft carrier, H.M.C.S. *Magnificent,* is the only vessel of her class which to date has not been modernized. My information is that that is not the case and that so far only one vessel of the class to which the *Magnificent* belongs is in process of modernization. He also said, as found at page 3815 of *Hansard:*

> . . . only the prototype of the new anti-submarine escort ship has so far been commissioned. She is the former destroyer H.M.C.S. *Algonquin* . . .

The *Algonquin* is not the prototype of the new anti-submarine escort vessel. She is the first of our Tribal class destroyers to be modernized and equipped with mess decks, bunks, new electronic and fire control apparatus and the like. She is not one of the new anti-submarine escort vessels. The hon. member also said:

> There are fourteen destroyer escorts of Canadian design and fourteen coastal minesweepers being built in Canadian yards. Of the former, I understand that nine keels only have been laid to date.

Nine keels have been laid, but with modern shipbuilding practice that is not necessarily a good indication of the degree of progress, because so much is done in different parts of the whole operation. Three of these ships have been launched. All fourteen of the coastal minesweepers have been launched, and we expect that they will be completed during this fiscal year. The hon. member for Nanaimo went on to say:

> In reserve we have a wartime fleet of frigates and minesweepers. If they are to be used, they must be completely modernized before they could possibly fulfil any of their roles in the event of an emergency.

All of these ships in reserve will, we expect, be modernized in the present fiscal year. Some of them already have been, and the work is well in hand. Then the hon. member remarked on the fact that we had no submarines, which of course is self-evident. But it would be spreading our resources very thinly indeed if, in addition to going in for an aircraft carrier, we went in for a submarine as well and had an orphan submarine. It is much better for us to go along with the arrangement we have with the Royal Navy and the United States navy to borrow a submarine for training purposes whenever we need it.

Then the hon. member came to his remarks on the army. He referred at some length to the position of the striking or mobile airborne force for the direct defence of Canada. It seems to me that he has been badly misinformed about the situation of the mobile striking force. This force exists now and includes the second battalions of the three regiments. The required number of men to make it effective for the purpose for which it is designed have been trained. In addition to the infantry units there are units of artillery, engineers, army service corps, signals, medicals, and so on, who are also trained airborne troops.

Then he suggested that we should have special engineers trained to make airfields, apparently after they had landed. This is not according to the concept of defence that my advisers have. Indeed, in the operations in which we have engaged in training and in working out the doctrine of defence of our north, the fewer airfields we have the fewer airfields we have to defend against the possibility of the enemy using them as steppingstones from which to leapfrog toward our settled areas. Indeed, were it possible the greatest single defence throughout our northland would be the rough nature of the ground and the extent of the territory itself.

We recall, for example, how important were the 21 miles of the channel even during the period of the bomber and fighter attack. There is a depth of a good deal more than 2,000 miles in our northland, and this would be very useful indeed. The concept of this defence is that with the equipment that the only potential enemy has he cannot make a large-scale airborne attack and landing in force on this continent at the present time, and we have arranged with our United States allies that each of us shall have the force which we together have agreed upon to be

desirable to clean up any operation that we would anticipate might take place in the future so far as we can foresee it. We have that force; we have it now.

What is more, we have the transport to enable that force to be used. Hon. members have referred to the fact that hitherto we have only had Dakotas to use for this operation, and very good they were too. A good many countries in the world still only have Dakotas, but to them we have added a number of C-119's. They are coming along at the rate of several per month. Therefore we believe that today we have an airlift sufficient to meet the kind of situation envisaged by the concept on which we are working. Exercises are held regularly. Parts of these formations are trained in succession in winter warfare at Churchill and in airborne operations at other places. Last year a large exercise was held at Churchill. Another exercise, exercise Bulldog, was held at Norman Wells. The airstrip was defended by a force acting the part of an enemy, and was then retaken by an airborne force. Similar exercises have been held at Wainwright, Fort Chimo and other places. There are usually two such planned each year.

In addition, our officers are being trained steadily both in the doctrine and management of these operations. At Rivers there is the joint airborne training school operated for the benefit of the navy, army and air force. There, three weeks ago I was present at the closing lecture to the army staff college and the air staff college. It was attended by representatives of ten different countries, including a very large team from the United States. They all had spent over ten days at Rivers and elsewhere working over specific plans for just this kind of operation. In fact at the staff colleges, as well as in training exercises for both army and air force, this has formed a major part of their training over the last several years.

Then the hon. member referred to anti-aircraft artillery. On that I was very frank. There is not in the world today any anti-aircraft artillery of the conventional type or of new type which is really adequate to deal with fast high-flying jets. Fortunately, we do not know that the only potential enemy has any such jets that can reach this continent carrying a load of bombs; but on the other hand we do have in Canada anti-aircraft guns of the latest conventional type and we are modifying them so as to make them just as effective as conventional anti-aircraft guns can be made. We are not going to go into a complete outfitting of all our own forces, active and reserve, at an expenditure of something like $500,000 per gun, with weapons which will unquestionably be rendered obsolete within a period of 3, 4 or 5 years. In the meantime we have a considerable number of the latest types of guns. They are being modified with the latest types of devices, and there is nothing better than those of which we know. All we could do would be to get more of those, if they existed, and have them delivered to us at just about the time when we are rather confident that there will be a far more effective weapon in production in the form of ground-to-air guided missiles.

The hon. member referred again to the 27th brigade and expressed the thought which he has so often expressed, that we should have more armour. I have gone into that before, and I do not think there is any point in repeating the observations I have made on previous occasions. We have the type of unit we were asked to provide and which fits into the scheme of things on the other side. It enables us to train and operate independently as a unit, but an independent armoured brigade group working in isolation from a division or a group, as I have said before, is a military monstrosity. We have never heard of such an organization, and it could not operate.

What would have to be done to carry out the suggestions as I understand them would be to add elements to our infantry brigade group to constitute a balanced force of very considerable proportions. Well, we have no intention whatever of increasing our manpower commitments on the other side at the present time. From the studies I have made and that I have had made for me, we feel that to carry out this suggestion would not mean a saving in manpower; for in order to create the unit that has been suggested, as we understand it, we would require larger forces than the present ones.

With regard to the tanks used by the 27th brigade, the hon. member referred to the fact that a number of Centurion tanks had been issued to the squadron. He said:

> It is a start in the right direction, the direction which I recommended.

I am sorry but I cannot give him that satisfaction, because the squadron had tanks before the suggestion was made by the hon. member. It had Sherman tanks with which it was outfitted on this side and, as soon as they became available, we replaced the Shermans with Centurions for several reasons, the main one being maintenance on the other side. Also the Centurion is more modern and in some ways, but not all, a more effective tank for Europe than the Sherman.

Then the hon. member said:

> —it is highly questionable whether they

—the aircraft—

are of types suitable for the work for which they were intended.

As far as my advisers tell me, and that means the chief of the air staff and his technical officers, the aircraft we have and that we are getting are the aircraft best suited for the purpose for which we are getting them. If the hon. member has in mind one type, namely the Lancasters which we have modified for use as maritime reconnaissance aircraft, then I can tell him that we do not know of any other aircraft in the world today more suitable for this type of work over the waters over which our aircraft have to travel. There is not one. We have had to make these modifications and we have done so, because it was the cheapest way of going about it. Otherwise it would have been necessary to design and build a new long-range aircraft.

The Lancasters will, of course, wear out and they will have to be replaced; and we are looking into the question of what is to be the ultimate replacement of the Lancaster for maritime reconnaissance. So far we have not found the answer. We do not know that such an aircraft is yet on the design board of any country. We do not want to have to go ourselves into the design of a fundamentally new type of aircraft if we can get one from another country which can possibly be modified, adapted and built in this country or purchased from abroad. The Lancaster is the only aircraft to which the hon. member's remarks could be directed, I should think, and the answer is as I have stated.

We are producing the F-86E, the CF-100, the T-33 trainer, the latest Harvard type trainer, plus light transport aircraft—the Otter, the Beaver and the Chipmunk, leading aircraft of their type. As far as we know there is not anything to match them; and it is high time, I think, that the Canadian people began to recognize that their air force has become one of the leading air forces in effective fighting power on our side today.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Claxton: When the committee rose I was dealing with some of the points made by the hon. member for Nanaimo. There is one more that I should mention. He referred to the nine auxiliary fighter squadrons distributed throughout the length and breadth of Canada from Montreal to Vancouver, "which are equipped," as he said "with world war II Mustangs and more or less worn-out British-built Vampires". The situation regarding those I have already described. It does happen that for the type of air attack which might be made on Canada and North America, with the type of aircraft which the only possible enemy are believed to have with the capacity to carry a bomb load to this continent, world war II Mustangs and Vampires would be, not the best defence, but a very good defence. They are the kind of planes that dealt with this kind of aircraft during the war, and which a number of other countries have to deal with today.

The fact is that had we obtained other types of aircraft to replace the Mustangs and Vampires we would have been using our resources on aircraft that would soon have become obsolete, instead of which we decided, as a matter of deliberate policy, to go for the F-86E for its particular role of fighter interceptor and the CF-100 for its role of long range, all-weather fighter. The CF-100 was designed for the defence of Canada, and the F-86E was not. While the F-86E is unquestionably the leading aircraft of its type in the world today, it by no means follows that that is the ideal type of aircraft for the kind of operation we envisage as being necessary to defend Canada in the next few years. The range of this aircraft is not great, it has not full instrumentation and does not carry a navigator. Consequently anyone familiar with flying conditions in our north country would recognize that, while the F-86E would give a good account of itself, the losses would be high due to the fact that it might not be able to get back to its base again. We therefore went for the CF-100, designed particularly for the purpose, and so far as we know it is the best aircraft to meet that purpose.

What is important from the point of view of this committee is to recognize that there was no alternative to following this course. So far as we know there is not a long-range all-weather fighter in production anywhere comparable to the CF-100, and designed to meet conditions as we envisage likely to obtain in the next few years on this continent. In the meantime these Vampires and Mustangs have proven very worthy against the only type of bomber that we know the enemy has in quantities able to deliver a bomb load on North America.

There is quite a different problem from the one in northwestern Europe, where the main objective would be to secure command of the air by destruction of many fighters. In the defence of North America it is not envisaged at the present time that fighters from any enemy country could travel the distance required. Consequently there is an interim period during which Vampires and Mustangs

will be useful. To have acquired any other aircraft would have been wasteful, we think. The CF-100 is designed for the job.

The hon. member for Nanaimo referred to our construction program and asked what plan is being followed in respect to the erection of permanent or semi-permanent buildings. He indicated that this matter had been dealt with by the special committee on defence expenditures. It was dealt with during a series of sessions. I can refer him particularly to June 12, 1952 and March 17, 1953. This question of the type of construction, the need for it, the scale and quality of the construction was gone into by that committee at that time. Certainly in June of last year the scales and standards of construction, the way in which contracts were placed, the number of square feet per man, and all the other elements that might give hon. members an opportunity to exercise some judgment of their own, were laid before the committee. Reading the records of the committee at that time, I can see no objection being there made to them. Those scales and standards were worked out over a period of years having regard to wartime experience and having regard also to the conditions that existed in Canada, the conditions which existed in other countries and the way they have been met there.

I have not heard any hon. member specify any particular instance in respect of which the allowance has been too great for the Canadian sailor, soldier or airman. If any hon. member thought that, he might have said so. I have not heard, either, that the costs were too high, having regard to building costs throughout the country.

In all these cases, except in the few referred to in the statement by the hon. member for Halifax where there were cost-plus contracts because of special considerations, the contracts were let on tender and the buildings are there. Hon. members have been given numerous opportunities of seeing them. If they feel that they are too luxurious for the Canadian sailor, soldier, or airman, they ought to say so. In fact they ought to have said so a long time ago, because the facts on which they could have based their judgment have been before them for a long time now.

The hon. member for Cape Breton South made a speech which I think appealed to most hon. members of this committee, as do most of his speeches. He began by disclaiming any special knowledge as an expert. He said he approached this consideration with the viewpoint of an ordinary man. He expresses the view of the ordinary citizen in no ordinary fashion because he speaks from the heart, and he speaks his mind effectively and forcefully. With a great deal of his speech I was in complete agreement.

He referred to the terms of enlistment for service in Korea and in Germany, and it seems to me that there he had been misinformed, because after the special force had been enlisted for 18 months or duration in Korea, everyone else was enlisted in the Canadian armed forces for a minimum of three years, and that procedure has been going on. Every effort is made, of course, to keep in the armed forces the men we want to keep.

He referred to the National Defence Act as having cut down some of the rights of the service personnel. As I suggested to him, that has not been the case. What was done was to arrive at a service disciplinary code for all three services on a sound basis; and we were the first country in the world to do that. We did it after this disciplinary code had been considered by committees of the other place and of the House of Commons over a period of many months. The result has been not that the rights of the common soldier have been reduced but that they are actually greater than before.

He said that officers in the three services had long complained about the requirement that they purchase their own dress uniforms and certain items of equipment. I do not know to what that refers, but he must have had in mind the fact that all officers in all three services receive an allowance of $375 towards the purchase of their equipment; and in addition they are issued, at cost, items such as battledress, working clothes and so on.

He referred to the educational and information services. Here a considerable change has been made over the last 18 months in that we have instituted the bureau of current affairs which serves all three services with publications, booklets, wall charts and the like as well as lectures and education courses with officers and others as discussion leaders. We have communicated with our opposite numbers in the allied countries, and I think most of them would agree that we are a good deal in advance of the other countries in this respect, namely in the respect of putting before our service personnel information on which they can base their own views and which will serve as the basis of discussion. If hon. members are interested in any of this material, they can always have it. A great number have expressed interest. I must say that throughout the whole course of publications—and the publications are given out every two weeks in French and in English—I have never had a single complaint about any text or any work from any hon. member of this chamber; and they are fairly ready to voice their views if they find anything wrong along that line.

As to education, all members of the armed forces have available to them the educational services which were conducted by the Canadian Legion and the Department of Veterans Affairs during the war and which are now continued. In addition, we have voluntary educational classes which will become compulsory with effect from September, 1953, for educational courses up to grade VIII. That system is already in effect for the 27th infantry brigade, but it is not possible to make it effective in Korea.

The next statement to which I refer is that of the hon. member for Calgary East, who made some assertions about waste and commented on how the cost of having a man in the armed forces has mounted year by year. This brings me to a point that has been made by numerous hon. members opposite, including the hon. member for Moose Jaw just before the adjournment. I think it was started in an editorial in the *Globe and Mail* of November 17, 1952. I refer to the procedure whereby you arrive at the cost of the soldier by dividing the number of service personnel into the total amount spent on defence for that year. I would point out that the two things bear no relation whatever.

Let us take, for example, the case of the United States or Britain and ourselves. Before the second world war Britain and the United States had large regular forces in peacetime and they had the physical equipment, the accommodation, the training facilities and the great camp areas necessary to train men. We did not. Before the beginning of the second world war we had for the armed forces in Canada virtually no special accommodation of any kind. Almost all were living in established centres. Most of them were engaged on administrative and training work. We had virtually no forces in being, to use that commonly-used expression. Consequently when, at the end of the second world war and particularly since Korea, we had to build up our forces, we had to spend much more per man simply on constructing accommodation in which he could live, as well as mess halls and the other facilities.

It may also be pointed out that in the case of both the United Kingdom and the United States they have a much larger proportion of their personnel serving abroad. In respect of those men serving in Germany, for example, all construction and all maintenance costs have so far been met out of occupation costs whereas, in the case of Canada, we pay our own maintenance costs. These comparisons are therefore invalid and misleading. If you want to get a proper basis of comparison you must find out how much is paid to each soldier in Britain, Canada and the United States for pay and allowances, clothing, food, pension, medical and dental services, the equivalent of a civilian wage.

I have set out in my statement at page 3807 the costs for Canada. We have looked into the problem of finding similar costs in the United States and Britain. It is pretty difficult to arrive at costs because of the different way in which their figures are computed; but by and large I would say that the cost of maintaining an average service person throughout the year in Canada is not far off that in the United States. The pay and allowances in the United States are a bit higher than in Canada, corresponding in part to the difference in the wage levels in the two countries. But the cost of clothing in Canada is a bit higher than the cost of clothing a soldier, sailor or airman in the United States, owing to the difference in climate. The figures work out very closely indeed. If you take a weighted figure, having regard to the proportion of officers, N.C.O.'s and so on, you get a higher figure on a per capita basis for the United States than for Canada.

If you compare the figures by the process of division that the hon. member for Moose Jaw used, and that has been used by other hon. members, then you ought to be pretty sure that you have the same basis for comparison. That is, the total costs for Canada should be less expenditures on mutual aid, less expenditures on stockpiling, and should be on a totally comparable basis. After you arrive at that you have to consider how much more one country puts into the air force, which is much the most expensive service and how much more another country will put in the army, which is the least expensive service, on a per capita basis. So these comparisons, on a per capita cost basis, arrived at by the process of dividing the total costs of defence by the number of personnel in the armed forces, are, I suggest totally invalid and cannot stand up to any serious examination.

Then the hon. member for Calgary East referred, as several others have done, to the statement of Wing Commander Rohmer. Here I must admit I am in a little difficult position. I do not think it is necessarily desirable that I should answer in the house or in public the statements of an officer in the air force reserve. This one happens to be a man with a good record during the war. He was a flight lieutenant at the end of the war. Had he stayed on in the active forces he would by now be at about the rank of squadron leader with about one year's seniority. However, he went into the reserve.

He became a wing commander in charge of one of the squadrons in Toronto, and I found on inquiry that he was about 275th on the list of seniority of wing commanders in the air force.

Mr. Fulton: The rank doesn't matter; answer his assertions.

Mr. Croll: You used his rank.

Mr. Claxton: I have seen hon. members opposite point with a good deal of importance to his rank. I am just giving the facts, and if anyone wants to hear the facts I will give them. The situation is that he made a request to relinquish his command before he made this speech. He made the speech, and ever since hon. members have been very largely engaged in basing their cases against the air force, the Department of National Defence and the government on the basis of that speech.

Mr. Harkness: We have been saying these things for two years.

Mr. Fournier (Maisonneuve-Rosemont): For twenty years we have been receiving promises from your party.

Mr. Claxton: It is rather important to keep a sense of proportion. In my position I do not make decisions about air force plans, about the program of aircraft, about how many aircraft are to be sent abroad, the types of aircraft we are going to make, without long, patient and thorough investigation by the people whom I regard as the most competent in the world to make that investigation, namely my advisers and the Royal Canadian Air Force. This starts with the chief of air staff, with his long experience, and all his officers. I do not say I always take their advice, but generally I do on technical matters.

In any event, whenever a matter comes up of any important consequence involving future policies it goes to other government departments and is considered by them and by the cabinet defence committee, and is ultimately approved by the cabinet. Everyone knows that is the procedure. I do not profess to be an expert, but I should like to read to the committee a letter written by Wing Commander Rohmer to Crawford Gordon, Jr., president of A. V. Roe Canada Limited, Malton, Ontario, on February 27, 1953, before this matter came up. He wrote:

Dear Mr. Gordon:

The officers of 411 (F) squadron (auxiliary) toured your plant last evening.

On behalf of the squadron members, I wish to thank you for the privilege of seeing the progress which your firm has made toward the ultimate high production of the CF-100.

This progress is of special significance to us, inasmuch as the plans of the air force to date provide for our use of your aircraft at the earliest possible moment.

What we saw last night has given all of us a much better perspective as regards what we might expect by way of production and quality of production. As you are well aware, there have been several rumours and stories as to the capability and potential of A. V. Roe. It was my intention in asking for this visit to discredit in the minds of my officers that any contrary rumours that they might have heard should be dispelled.

Such is the case today, and we are looking forward with confidence to watching the CF-100 roll off the line in quantity and to flying it.

My compliments to your conducting staff, and in particular, to Mr. Jackson who handled our group with a great deal of care and attention.

Yours sincerely,
Richard H. Rohmer, W/C.
Commanding Officer,
411 (F) squadron (auxiliary)

Mr. Fulton: Does he say on what date they are going to roll?

Mr. Claxton: They have been rolling for some time. The letterhead, I may say, is:

Lang, Michener & Cranston
Barristers & Solicitors
Bank of Montreal Building,
50 King Street W.,
Toronto.

Mr. Harkness: What does that prove?

Mr. Claxton: The hon. member for Calgary East then went on to talk about overblown staffs. This is the easiest kind of charge to make, of course, and it would be very easy for me to say, as I do, that this is a matter of gravest concern to all of us, to keep down our staffs to the lowest possible level so as to ensure adequate control with the least possible number of controllers.

Hon. members have referred a great deal to the Currie report, and some hon. members have heard that report discussed before the special committee on defence expenditures. They will find from the evidence that the statement I made in the house on January 13 was completely confirmed, that is that a major factor in the lack of control which gave rise to my appointing Mr. Currie and the making of his report was the lack of sufficient staff to do the job. Actually we are understaffed today in the Department of National Defence.

The hon. member went on to give as his only example of this the situation in the office of the deputy minister, and stated that there are now more personnel there than at any time during the war. The hon. member for Kamloops made the same statement and gave the same figures at page 3840 of *Hansard*.

Mr. Fulton: Figures provided by the department.

An hon. Member: Hush, Davie.

Mr. Claxton: Of course we always give information when it is possible to give it.

Mr. Fulton: And when it is not too embarrassing.

An hon. Member: Oh, hush.

Mr. Claxton: The answer to this is the following figures. The present staff in the deputy minister's office is 114 as compared with totals of 98, 93 and 77 for the staffs of the three defence deputies on March 31, 1944, March 31, 1945 and March 31, 1946 respectively. The increase is due exclusively to the assumption by the present deputy minister of national defence of responsibility for several functions that were previously allotted to the services. They have been assumed either to permit a greater degree of co-ordination or control or to replace service personnel with civilians.

The chief secretary with a staff of 29 provides secretarial services for the interservices committees, an activity previously carried out by service personnel. The present arrangement has the advantage of providing greater continuity since service officers can be appointed as committee secretaries only for short periods.

Until recently each of the three services was responsible for preparing its own estimates and for a number of other financial control functions. The assistant deputy minister of defence, who came to the Department of National Defence from the Department of Finance, now co-ordinates the financial control and the preparation of estimates for all three services. The present staff of this branch is 23.

The real estate adviser's office with a staff of eight also carries out a function that until recently was performed by the three services. The controller of office services and supplies with a staff of three co-ordinates the demands of the three services for stationery supplies and office equipment. Experience has shown that substantial economies have been achieved by co-ordinating the demands for this type of supplies. Thus of the total staff of 114 in the office of the deputy minister, 64 are engaged in activities that were not undertaken by the three deputies in 1944, 1945 and 1946. So the increase in staff over the comparative figures for those years is attributable entirely to the additional functions now carried on.

Mr. Fulton: Not entirely on a proportionate basis.

[Mr. Claxton.]

Mr. Claxton: The next statement by the hon. member for Calgary East was in connection with evidence of waste, and he said he had seen burlap bundles filled with paper outside the Department of National Defence. I hope he has seen similar bundles outside every department of government and I hope, as in this case, they are sold as waste paper on tender. What else the hon. member would expect to do with it, I do not know.

Mr. Harkness: Just an example of the paper war.

Mr. Claxton: Then the hon. member dealt with the question of equipment for the reserve forces, and he quoted largely from an article which had appeared in the Calgary *Herald*. The hon. member said:

> They told me their carriers were about to be taken away from them.

I do not know where he got this information, but if it is so it must be because the carriers they had were worn out. So far there is nowhere that we know of an acceptable modern infantry carrier. Everyone on our side is working on one, but we have not found anything better. Then the hon. member said, "Their jeeps have gone already." The jeeps were removed from the reserve army units and active force units in order to renovate them and send them to Europe where they were urgently required to be used for operational training, and were immediately replaced with a new type made during the last 18 months which are now pooled under the control of the general officers commanding. Jeeps that were used previously for administrative purposes are being replaced by commercial type vehicles. More than 80 per cent of that operation is complete, and I would think that it will all be complete this month.

The hon. member suggested that the reserve force officers should be given a tour of duty in Korea. That is provided for if they will agree to serve a year. It would not be economical on any other basis.

Then the hon. member dealt with promotions within the Royal Canadian Air Force, I understand particularly those on the administrative list. Everyone in the Royal Canadian Air Force up to the rank of squadron leader is required to take examinations in order to qualify for promotion. If any of the gentlemen he had in mind have not qualified it is due to their failure to pass the examinations. Above that rank it is considered that officers generally should be on the general list, but there are arrangements under way under which they can move from one to the other.

The next comment to which I would make reference was that of the hon. member for Kamloops who said, as reported on page 3840 of *Hansard*:

In the case of the two buildings in Montreal we see that they were sold only three and a half years later for a fifth of the amount paid for them.

Mr. Fulton: I told you last night that they were not defence buildings.

Mr. Claxton: A number were dealt with last night. I am dealing with those that were not dealt with last night.

Mr. Fulton: I told you that they were not defence buildings last night.

Mr. Claxton: In answer to a question you told me that one of them was not.

Mr. Fulton: I said that the Montreal example was not defence buildings.

Mr. Claxton: Why did you give it?

The Chairman: May I suggest that this type of discussion between two hon. members should not be carried on. If the hon. member for Kamloops wishes to interrupt the minister he should do so through the chair. This sort of thing has been going on for some time.

Mr. Fulton: Mr. Chairman, I was simply bearing in mind the treatment to which I was subjected last night. I apologize to you and I shall not repeat the example which we saw here last night. I am sorry.

Mr. Claxton: The hon. member for Winnipeg South Centre referred again, as he has on numerous occasions, to the shortage of ammunition. I suggest that this is a matter on which hon. members should exercise the usual caution which should be applied to matters affecting the morale and welfare of the troops. I can read to him a statement made in the British House of Commons on March 26, 1953. The quotation is as follows:

Mr. Shinwell asked the Prime Minister, as the head of our defence forces, whether he was informed of the shortage of ammunition for United Nations troops in Korea; and what action was taken in the matter.

The Prime Minister: I am informed that the ammunition supply in Korea has always been sufficient to meet the operational requirements of the United Nations forces, and shortages of ammunition have not restricted the planning of operations.

Mr. Shinwell: But has the right hon. gentleman not been informed of the statement made quite recently by General Van Fleet on his retirement from the command in Korea to the effect that there has been a considerable shortage of ammunition?

The Prime Minister: I have to rely upon the official information which is transmitted to us in due course. I cannot deal with every statement that is made by an ex-commander—or even by an ex-cabinet minister.

Mr. Shinwell: But would the Prime Minister be good enough to address his mind seriously to this question. Does he regard it as satisfactory that statements should be made to congressional committees in the United States by retiring commanders on the subject of the alleged shortage of ammunition without information being conveyed to this house in order to remove a possible misleading statement of this kind?

The Prime Minister: I do not think it would be a good thing if we were to let our procedure in this house be governed by investigations of congressional committees in the United States. I should have thought that the right hon. gentleman ought to be very careful when he pursues this line as he might be falling out with some of his colleagues below the gangway.

Mr. Shinwell: Does not the right hon. gentleman understand that I am anxious not to fall out with anybody but if I had to choose between my hon. friends below the gangway and the Prime Minister I should prefer the right hon. gentleman because he is much easier to handle. Will he be good enough to make inquiries and to ascertain whether the statements by General Van Fleet are accurate? After all, we ought to be assured on a very important subject of this kind.

The Prime Minister: We have regular reports, and very close and intimate relations prevail between the British military representative and the commander in chief in Korea. I have no doubt that the reports we have received fully justify us in giving our full confidence to the character of the statements made. May I thank the right hon. gentleman for the compliment which he paid me and only express my regret that he should have thought it necessary to add any reservation.

On the same day the views of President Eisenhower were expressed, and they were quoted in the Washington *Post* of March 27. I read:

President Eisenhower said yesterday there is sufficient ammunition in Korea for present scale operations and then described the supply situation as perfectly sound under current circumstances. Across the Atlantic, Prime Minister Winston Churchill gave similar assurances to the House of Commons and an army spokesman said that shipments of some types of ammunition have been diverted to other areas because Far East pipe lines of such shells are now full.

The president was asked about the ammunition situation at his news conference. He said he had questioned the Pentagon about it and if there was any relation between the shortage and the loss of Baldy Ridge hill in Korea, given up by American troops yesterday after a heavy fight. The army chiefs assured him emphatically that ammunition was not a factor in the loss of the position, Mr. Eisenhower said. In fact, he added, the Far East command turned back a shipload of ammunition because the reserves of that particular type were so high they didn't want it.

Mr. Fulton: Which editorial do you believe?

Mr. Claxton: I do not understand the hon. member's comment. I am reading from the report of a debate in the British *Hansard* and the report of what President Eisenhower said in Washington.

Mr. Fulton: Which editorial do you believe? How about giving your own views?

Mr. Claxton: My own views?

Mr. Fulton: Yes.

Mr. Claxton: I have already given them in the house.

Mr. Fulton: I have not heard them.

Mr. Claxton: Well, the hon. member was not here, Mr. Chairman.

Mr. Fulton: Yes, I was.

An hon. Member: He was not all here.

Mr. Claxton: The situation was described before and there is no need to go into it further. But the hon. gentleman did ask about the supply line. What happened was that the British were in need of some 25-pounder shells at the beginning of the war in Korea and we sent them 200,000. That was our contribution to the commonwealth supply line. Shells for 25-pounders, some mortar bombs and small arms ammunition now come from British production. Ammunition for other weapons comes off the American supply line. We generally get the same treatment as anyone else. The situation was as I indicated in my statement in the house last December, and since then it has steadily improved.

The next reference with which I wish to deal is that made by the hon. member for Brandon with respect to welfare. I must say that I think an apology is owing to him for some delay in completing the answer to a return he asked for some time ago, but it required investigation and checking in both Korea and Germany. However, I have ascertained that the information is now available and it will be tabled tomorrow. It will give a full statement on the question of welfare in both theatres. I have a number of quotations, extracts and so on and so forth which run directly contrary to some of those which have been used in the house, but I will not give them now. I should add, however, that it has been decided to institute a Canadian army welfare fund similar to the benevolent funds for the air force and navy for the purpose of extending benefits to serving personnel. That has been set up and a statement to that effect will go out tonight.

With regard to one or two other matters, the hon. member for Kootenay West and other hon. members have referred again to these global figures for items such as rugs, furniture and the like. We have set up a special committee on defence expenditure to look into these items. That committee has done so.

Mr. Fulton: Rugs? They have not been discussed.

Mr. Claxton: If it has not been done, it is exclusively due to the lack of endeavour on the part of the hon. member to have that subject brought forward.

[Mr. Fulton.]

Mr. Fulton: No. On a question of privilege, Mr. Chairman, it may interest the minister to know that we have had six items on the agenda, which was the maximum we were allowed to place on it, and we have not been allowed to deal with more than three of them.

Mr. Dickey: Mr. Chairman—

The Chairman: May I ask if a report has been made to the house with respect to the proceedings of the committee? If not, they cannot be discussed in the house.

Mr. Dickey: But Mr. Chairman—

Mr. Fulton: The minister should not make an inaccurate statement about it.

Mr. Dickey: Mr. Chairman, the proceedings—

The Chairman: Order. I did not object to the hon. member for Kamloops rising on a question of privilege. He was quite right in doing so, and he has stated his question of privilege. But I say again that to carry on a discussion of what has happened before that committee before its proceedings have been reported to the house is, in my view, not in order.

Mr. Dickey: But Mr. Chairman—

Mr. Fulton: Mr. Chairman, on a point of order—

Mr. Dickey: The proceedings of the committee—

Mr. Fulton: On a question of privilege—

The Chairman: Order. The hon. member for Kamloops must give the hon. member for Halifax a chance to state his question of privilege if he has one.

Mr. Fulton: I am endeavouring to state a question of privilege myself.

The Chairman: Order. The hon. member for Kamloops rose and stated his question of privilege.

Mr. Fulton: No, Mr. Chairman. You yourself—

The Chairman: If he did not, I will hear him now. The hon. member for Kamloops.

Mr. Fulton: Mr. Chairman, you yourself have said that either there is no question of privilege before the committee or that alternatively this committee is not entitled to discuss the proceedings of the special committee on defence expenditure. My point was that the minister made an inaccurate statement with regard to the proceedings in that committee, which I endeavoured to correct.

An hon. Member: You didn't.

Mr. Fulton: Now, sir, if you are going to allow debate or discussion on that question I submit that you must allow complete discussion of what has or has not been allowed to be debated in that committee.

Mr. Howe: You have spoken in this debate already. Sit down.

Mr. Fulton: You have spoken six or seven times.

The Chairman: Order.

Mr. Fulton: We all know how the Minister of Trade and Commerce resents giving anybody else an opportunity to speak in this house.

Some hon. Members: Order.

Mr. Harkness: You wait for wheat tomorrow.

The Chairman: I think it might be preferable to observe the rules to the letter and, therefore, any references to the proceedings of the committee on defence expenditure are not in order.

Mr. Dickey: Mr. Chairman, the Minister of National Defence was referring to the proceedings in the committee last year, proceedings which were reported to this house.

Mr. Fulton: On a point of privilege—

Some hon. Members: Order.

The Chairman: Perhaps we might let the Minister of National Defence say what proceedings he was referring to.

Some hon. Members: Hear, hear.

Mr. Carroll: Mr. Chairman, you have made a decision in this matter and I think it is the due of members of this house that you should enforce it. You have made the decision, and I do not think you should call on the Minister of National Defence at the present time to answer any questions.

The Chairman: Order. Perhaps we should reflect a little on what is happening. Let us not develop heat where there is no reason for it. The Minister of National Defence, in the course of his speech, said there was a committee set up to examine the expenditures of the Department of National Defence. He was at that time referring to a question which had been put to him by hon. members on the opposite side and which had to do with the purchase of rugs. He said that the committee had been set up and if the matter were to be investigated it could have been investigated there and was investigated there.

At that moment the hon. member for Kamloops took exception to the statement.

Mr. Fulton: Hear, hear.

The Chairman: He rose on a question of privilege and said that they were not allowed to discuss the matter, that there were only six items put on the agenda. At that moment the hon. member for Halifax rose in order to contradict what the hon. member for Kamloops was saying. As two members were attempting to speak at once, I considered it my duty to rise and say that if the proceedings of the committee had not been reported they could not be referred to in debate in this house.

Some hon. Members: Hear, hear.

The Chairman: The hon. member for Kamloops again rose, carrying on the statement of his question of privilege. He was merely continuing the statement of his question of privilege which had been interrupted by the rising of the hon. member for Halifax. At that moment I heard him further and said that I thought it preferable not to carry on the discussion of proceedings in committee which had not been reported. The hon. member for Halifax then rose and explained that what the Minister of National Defence was referring to were not proceedings before the committee now sitting but proceedings of the committee last year. Therefore I proposed and I now suggest that the Minister of National Defence, who was the one who referred to these proceedings, is the one to say to what proceedings he was referring.

Some hon. Members: Hear, hear.

The Chairman: Was it proceedings of the committee this year or last year? I think it is proper for the minister who created the incident to explain to what proceedings he was referring.

Mr. Claxton: Yes, Mr. Chairman. Last year the committee on defence expenditure referred to a great many items and if they did not include rugs that was surely by way of oversight, because rugs were dealt with in the house, as I see by the statement made on November 27, 1952.

Mr. Fulton: That was after the committee had risen.

Mr. Sinclair: Address the chair.

Mr. Claxton: Now, sir, hon. members of the opposition have on a good many occasions made sweeping statements about extravagance, waste and the like; and those usually take the form of stating a large figure: "They have spent $251,000 on landscape gardening; so much on ties", and so on. Those assertions are played up and made use of repeatedly, as if there was something wrong because the figures happen to be large. The figures happen

to be large because of the scale of the operations, and the place where these things can be looked into best has been and is, I suggest, before the committee on defence expenditure.

An illustration of this situation perhaps can be given in the simplest possible terms. Many hon. members of the opposition have made a good deal of the fact that we bought a lot of ties. We need 420,000 ties a year to supply each member of the armed forces who has to wear a tie with the minimum number required to equip him. You have to think in terms of that sum.

The Leader of the Opposition followed the hon. member for Calgary East by referring to some shortages in the equipment of the reserve forces. He described them as deplorable and likely to produce an attitude of frustration and so on. Well, we have some hundreds of units in the reserve force of the army and their effort is to do the best job they can—and a very good job they do, too. They are handicapped in that effort if they have more equipment than they need for the purposes of their training; so effort is constantly made by the reserve forces themselves to reduce the amount of their equipment to that which they need for training purposes.

In the question put by the Leader of the Opposition it would appear that he had in mind an artillery regiment. Indeed, it would look as if he were quoting from the same text that was referred to by the hon. member for Calgary East. As far back as last August information went out that the number of guns that would be available for the training of each artillery regiment would be reduced to the number they could usefully use. The distribution was put under the command of the general officer commanding. It was before the conference of defence associations at their meeting in Ottawa in January, 1953, and no complaint whatever was made about the result. Indeed, it appears to have been in accordance with their wishes. The general officers commanding and area commanders recently had their conference in Ottawa and the question was not raised. As far as one can see this was a thoroughly sensible course, in accordance with the wishes of the units.

Mr. Harkness: Probably they asked for guns without breeches and breech rings, did they?

Mr. Claxton: With regard to the question of breech rings, in consequence of experience gained in Korea it was decided just before Christmas of this year to make modifications in the breech rings in order to ensure greater security, this despite the fact that 25-pounders have been in production and use for a number of years. So the breech rings are being modified, and that modification will be completed before the coming training season. Had an accident occurred by reason of failure to carry out that modification, the necessity of which was borne in by experience in Korea, I am sure that hon. members opposite would have been the first to call this to our attention.

Now, sir, I think I have dealt with most of the points covered by hon. members opposite. If there are any that I have not covered I am sure they will be drawn to my attention and we can deal with them as we get into the detailed discussion of the estimates.

Mr. Pearkes: Before we go into the discussion of the details, there is one question I should like to ask the minister, arising out of his observations. Just before the recess he referred to a statement I made yesterday with reference to the former destroyer H.M.C.S. *Algonquin*, which I had said was being converted at the Yarrows yard in Esquimalt and was the only prototype of the new anti-submarine escort ships that have so far been commissioned. The minister said the *Algonquin* is not the prototype of the new anti-submarine escort vessel, but she is the first of our Tribal class destroyers to be modernized, equipped with new mess decks, bunks, new electronic fire control apparatus and the like. She is not one of the new anti-submarine escort vessels. I think I took down the minister's words correctly.

I based my statement on information which appeared in a magazine entitled *Canadian Shipping and Marine Engineering News*, March 1953, the Royal Canadian Navy issue, and particularly an article entitled "The Navy's Progress", by the Hon. Brooke Claxton, D.C.M., Q.C., Minister of National Defence. In this article the minister said:

> A prototype of Canada's new anti-submarine escort ships, the former destroyer H.M.C.S. *Algonquin*, was commissioned in February, and the job of converting another destroyer, H.M.C.S. *Crescent*, into a similar deadly foe of the submarine, was taken in hand.

Now, Mr. Chairman, I do submit that these are two diametrically opposed statements. On the one hand the minister says *Algonquin* is not the prototype of the new anti-submarine escort ships, and the month before he wrote an article in a trade magazine in which he said that she is the prototype of the new anti-submarine escort vessels. These conflicting statements only lead to confusion, not only confusion for members of the opposition who try to base their arguments on statements made by the minister, but also confusion in the minds of the public. I do not know which of these two exactly

opposite statements is correct, and I would ask the minister.

Mr. Harkness: Convicted out of his own mouth.

Mr. Fulton: Neither is correct.

Mr. Claxton: The titles of these ships, as the hon. member may know, change from time to time according to the type of description applied to them.

Mr. Fulton: They change every time the minister speaks.

An hon. Member: Wait.

Mr. Claxton: The type of ship which we generally call the anti-submarine escort vessel is the new type which is being produced, the first of which is the *St. Laurent,* which was launched last year. The Tribal class destroyers are being reconverted for anti-submarine work, but they are not the anti-submarine escort ships.

Mr. Pearkes: Then the statement in this edition of *Canadian Shipping* of March, 1953, by the minister is incorrect.

Mr. Claxton: I do not know; I have not checked it.

Mr. Macdonnell (Greenwood): Mr. Chairman, I should like to discuss not the details of the equipment but the broad question of organization. Before doing that, I should like to make one or two comments on the speech which the minister has just finished.

I was rather puzzled by the comments he made about Wing Commander Rohmer. It did not seem to me that it was important to know whether he was No. 286 on the list or whether he had a pleasant talk with Crawford Gordon, Jr., or whether he wrote a letter to Crawford Gordon, Jr., or whether he was the partner of a Conservative candidate and an active Liberal party worker in Toronto. I think the only thing that was important was whether or not what he said was true. I understand that what he said was exactly what the hon. member for Nanaimo said, and that it has not been either controverted or attempted to be controverted in any way.

The minister began by saying that this gentleman was an officer with a good record. But from that point on it seemed to me the disposition was rather to play him down. It will be a sorry day when we try to play down men who have the courage to say what they think. One of the troubles is that there are so few people who do have that courage.

I should like to draw attention to another thing. At the beginning of the minister's speech he referred to the fact that the Leader of the Opposition had expressed approval of what is called our No. 2 obligation, that is the obligation to NATO and our obligations under the United Nations charter. I am quite satisfied that the Leader of the Opposition is ready to give credit where credit is due.

With regard to the other two points—No. 1, the defence of Canada against enemy attack, and No. 3, the organizations to build up strength in a total war—I confess I found myself very disappointed with the words which the minister used. Speaking of the Leader of the Opposition he said: "If he stays on that side of the house and we stay on this side, as we all expect will be the case for some time further,"—that was just thrown in—"it may be that he will be in a position next year or perhaps the following year to acknowledge that we have done equally well on the first and third points because we are just on the way to getting there."

I think the taxpayers will be disappointed at the fact that all the minister can say is "maybe next year or perhaps the following year." In that connection I wish to read from today's Ottawa *Journal* concerning the increasing futurity, we might say, of the progress that they are making in the Department of National Defence. Speaking of the white paper the *Journal* says:

> We read them, anxious and eager to agree with Mr. Claxton that all is going well and that our billions of dollars of expenditure have brought us the utmost in defence security; but we cannot, no matter how we try.
>
> One reason for our cautious approach to these white papers is Mr. Claxton's persistent use of the words "will be", his emphasis about the arms we are to have rather than the sabre in our national fist at the moment. For example, we have looked up the 1952-53 white paper and it said: "At present the fighter squadrons for this purpose (fighter defence of Canada) are equipped with Vampire and Mustang aircraft. These will be replaced by CF-100's as they become available. In addition, there are a number of squadrons equipped with F-86E's and designated for the NATO air force in Europe. In the meantime they are available for the defence of this continent.

The following year, in the 1953-54 white paper, I read the following from the white paper:

> The first regular squadron, equipped with CF-100 all-weather, twin-engine, jet fighters, was recently formed and by the end of the fiscal year a number of these squadrons will be operating. Meanwhile, a number of squadrons of F-86E Sabres, destined as part of Canada's NATO air contribution, have been in Canada available for the defence of this continent. As the last of these are sent to Europe during the year, their places will be taken by squadrons of CF-100's. Reserve squadrons now equipped with Vampires and Mustangs will be re-equipped with CF-100's as these become available.

And the *Journal* goes on briefly:

> So, apart from that one squadron with an unstated number of aircraft, the CF-100's are still

in the "will be" stage, and antiquated Vampires and Mustangs remain to be counted among the defenders of the nation in the case of a sudden attack.

I wish to direct the rest of my remarks to what I think may be called No. 3 of these objectives, although it affects them all. I refer to the objective of enabling us to mobilize our forces to meet an all-out attack. I wish to discuss that matter from the point of view of the whole organization of the Department of National Defence and its conjoint companies, defence production, defence construction and Central Mortgage and Housing.

I put it this way to you, Mr. Chairman. Two years ago or thereabouts we started on a huge new enterprise on which we have spent billions of dollars. In his speech the minister referred to the capital expenditure and put it at $2,767 million. Then the minister proceeded to talk with what seemed to me to be great satisfaction about the fact that we had managed to spend all this money. He told us that it involved hundreds of contracts. Actually it came to sound like a song of billions. But for the most part or indeed almost altogether it seemed that we were just listening to an outline of huge expenditures.

For example, the minister compared it with the expenditures of the Canadian National Railways. He said that in 25 years the Canadian National Railways had managed to spend only $1,341 million; and I presume this is on capital account. He pointed out, apparently with pride, that in two and a half years our defence program has managed to spend more than twice as much as this. Then he gave us an illustration of a private corporation. He gave as an illustration the Shawinigan company which I think he said in 50 years had spent something like $335 million, although I am not quite sure about that figure.

What I felt was that all these figures were splendidly irrelevant. They seemed to me to have nothing to do with the case. To me the whole point is to know not whether we spent all this money—I have no doubt that we did—but whether we did so effectively. From listening to the minister, as far as I could see one was almost supposed to assume that we had spent this money effectively. From the fact that we had been able to enter into all these contracts and have everything done according to legal form by all the various companies, including defence construction, defence production, Central Mortgage and Housing and national defence—I find it difficult to remember all the names—we were supposed to assume that that in itself was a great achievement.

Then we have had criticisms in this debate. We have had criticisms that have been referred to tonight. I do not propose to take the time of the committee to refer to them. Those gentlemen who have made their criticisms and who have been answered—and in my opinion very ineffectively—will be prepared to say whatever further needs to be said on those subjects. I come back to the question of organization.

Many months ago, indeed I think I may say years ago, when this thing first came up, we on this side felt that this was a tremendous job; and I think sincerely enough we tried to press that view on those across the gangway. It seemed to us—and I have never been able to get away from that feeling—that the matter was taken too lightly. I myself asked a question in the house on May 24, 1951. I tried to stress as best I could what seemed to me to be the magnitude and the complexity of this job, and I asked whether any expert assistance was being sought. I asked whether the government was seeking in any way to get assistance, and the answer I got was this:

It—

That is the department.

—is set up in accordance with the practice which has obtained in the Department of National Defence over the years. There has not been much change. We have to do a job, and we do it.

I might point out, too, that there was a slight inaccuracy in that statement of the minister because my understanding is that during the war years Colonel Ralston did in fact bring in several top-ranking businessmen to assist him, one of them being Mr. Currie with whose name we are all so familiar. Hence in fact it was not just the department itself that he relied on. He went outside for assistance.

We know that there are people who specialize in organization and who have useful help which they can give if they are asked for it. Of course it is always arguable that there are men who do not need to be trained in administration, that there are men of genius who seem to be able to do things without the training and experience that ordinary men need; and it was always arguable that we might have found that these men were in the Department of National Defence. So far as I can see, that assumption was made, namely that without any outside assistance and without any outside advice they had succeeded in mastering this tremendous job. As a matter of fact, I was assured by the department that these efficiency companies

really were not competent to assist large organizations, that they could assist only the small fry. That was just a complete misunderstanding of the assistance that was available if it had been sought.

Yesterday the minister made a great point of telling us that he had had few letters of complaint. He said you could count them on two hands. I did not take much stock in that answer. The complaints would have to come mainly from two sources. The first source would be somebody in the services. I do not need to tell you, Mr. Chairman, that people in the services are not going to be very ready to write letters of complaint to the minister. That would be a rather unusual thing to do. Then the second source would be people who are doing business with the government; and I do not think they would be very free in writing letters of criticism either. They want to do business with the government, not to criticize them. I am therefore not at all impressed by that test which the minister applied.

We in the opposition have tried to make effective criticisms. We have not done it to our own liking; but I leave the matter to anyone who looks at the thing in a detached way. It is extremely difficult to drive your criticisms home if you have no means of making an independent examination and if you are left entirely to departmental officials who, however competent they are and however desirous they are of doing the right thing, have got to take the departmental line. How could they do anything else? They are in a department and they must take that line. Let us be realistic about the thing.

So things went along, Mr. Chairman, and we were uneasy. I think many people were uneasy. Then something more than a year ago an event took place which perhaps is an illustration of the old hymn that "God moves in a mysterious way"; because an anonymous letter really touched off something. There was an anonymous letter which indicated that all was not well at Petawawa; and as a result of this letter the minister took the entirely proper and wise action of appointing Mr. Currie to make an investigation, which he did.

We know about the investigation. It was discussed in the house. But once the report was brought in, it did not seem to attract much favour among the ministers. Mr. Currie suddenly descended from the heights which he had occupied, and we suddenly found that this idol, in the eyes of the ministers, had feet of clay.

I must say that the Minister of Trade and Commerce made a very gallant attempt to deal with the situation in a broadcast which he gave about a week ago. Anyone who knows anything about the background would be considerably enlightened if I read a paragraph from what the minister said in regard to the report. He was paying his tribute to the opposition, and in the midst of it he said this:

> Opposition parties will say: "What about the Currie report? They are all we need to prove our charges." What are the facts?

And then the minister went on:

> Mr. Currie in his report did not find any waste or inefficiency, nor does he claim to have found any. It was the Minister of National Defence who discovered irregularities in the army works service at Petawawa.

The Minister of Trade and Commerce was not quite fair to the anonymous letter, but we will pass that. I continue:

> It was he who brought to justice those who conspired together to steal a few thousand of dollars worth of public property, and those who personally profited through some of the operations of the army works company at Petawawa camp. These men were being tried and sentenced before Mr. Currie was appointed to suggest improvements in administrative procedures, such as would make that kind of thieving impossible. The Currie report indicates that many improvements had already been made in the system, and more have been made since.

You will I hope realize, Mr. Chairman, that what I have read would seem to indicate that the Currie report, far from being critical of the Department of National Defence, was almost a eulogy. The minister I am sure will not misunderstand it if I say I really think that is one of the most splendid instances of sublime arrogance that I have ever seen. I do not know how the minister got into that frame of mind. The rest of us all thought this report was a criticism. The minister says it is not a criticism. It carried me back to a thing I never could understand when I went to school. It was a thing called a syllogism, a form of reasoning that was always over my head.

Mr. Harkness: No, it is a phobia.

Mr. Macdonnell (Greenwood): It occurs to me that the only way I can explain it to my own satisfaction—I hope the minister will accept this as a genuine attempt to explain what he said—the only thing I can imagine is that the minister with sublime arrogance, as I said, argued this way: No sane man can criticize this government; Currie is a sane man; therefore Currie did not criticize the government.

I looked carefully through the broadcast to see whether the minister had concealed any further references to the report, but I could not find anything unless it was in between the lines.

Mr. Howe: Everybody has forgotten the Currie report except you and me.

Mr. Macdonnell (Greenwood): I can only say to the minister that this is the most magnificent effrontery that I ever heard in my life. I was going to say, Mr. Chairman, that for those who do not live in this rarefied atmosphere of imperturbable and unassailable self-satisfaction—

Mr. Howe: My sentence was better than yours, anyway.

Mr. Macdonnell (Greenwood): —the Currie report does seem to us to be criticism. I am not going to go over the phrases that we know so well, but I want to remind you in passing, Mr. Chairman,—and here I am getting near dangerous ground, but not quite on it—that apart from a couple of negligible quibbles, there has not been a dent made in the Currie report.

Mr. Casselman: They know it, too.

Mr. Macdonnell (Greenwood): I think the ordinary person, not one of those people who are living in this rarefied atmosphere, but just the ordinary Joe, as we call him, would think that it would be reasonable when you found a state of gross—what shall we say—gross irregularity, gross inefficiency in the department, an attempt would be made to extend the examination. I would say that anyone outside of a kindergarten, or even inside a kindergarten, would think that was reasonable. And of course we all know that in a private business, if a department was found to be ineffective or inefficient and the manager did not move to have the whole business investigated, he would get the sack. It is just as simple as that. But to this government nothing is impossible, nothing unreasonable is impossible, and so there has been no inquiry. It was voted down.

I can only imagine the government hopes that memories are very short. It is their hope that before the 10th day of August, that magic date which is being bandied about by the *Citizen* and in other places, this will be forgotten.

I do want to make one reference to the Currie report, because in addition to the blistering criticism of the department's administration, Mr. Currie makes one statement which I think is so far-reaching and goes so much to the root of the matter that I want to read it, and I want to support it a little later on; and I do hope that it will be in order. I am watching awfully carefully, Mr. Chairman. At page 717 of *Hansard* of December last Mr. Currie, after his various detailed criticisms of what he found, goes on to what seems to me to be the basic criticism that he makes, which goes to the very root of the matter and which personally I find very convincing, because I think it would be nothing short of a miracle if this organization could have been licked into satisfactory shape just by a sort of hit-or-miss method, and I have never been able to discover any other which has been used. This is what Mr. Currie says:

> What is needed now is the creation of a system—

I want to repeat that:

> What is needed now is the creation of a system—

It is not a modification or a little change here and there, but the creation of a system.

> —designed to fit the economic and efficient administration of a large and long-sustained preparedness program inside a national economy operating at full blast.

Now, Mr. Chairman, there you see a man who knows his onions. There is a man who knows something about the economy and what fitting this into the economy means, because he is at once a distinguished businessman and a distinguished public servant. They could not have found a man better qualified. The minister did a great public service when he got Mr. Currie to go into this a year ago. The only trouble is, having got him, and having got the medicine, they would not take it. I continue:—

The Chairman: Order. I do not want to stop the hon. member from making references to the Currie report, but I bear in mind the fact that a debate took place upon it earlier in the session, and that later on when other measures came before the house His Honour the Speaker intervened. I should like to remind the hon. member of the ruling the Speaker made, which is to be found at page 2340 of *Hansard,* where he said:

> The hon. member cannot refer to a previous debate on another subject during the present session, either directly or in quoting newspaper reports or speaking generally. It is improper for a member to refer to a previous debate, whether or not he uses the exact words which have been said.
>
> It is my opinion that the debate on the Currie report should not be revived at this time.

That was during the budget debate during which, as the hon. member knows, considerable latitude is allowed. The Speaker continued:

> That report, for consideration, was referred to a special committee of the house. Now, I do not intend to prevent a reference to the Currie report; but another debate on it at this time I am sure would not be in order.

It has been said that only part of the report has been referred to the committee, but that is not the point at issue at the moment. It is that before the hon. member carries on quoting further from the Currie report, and comments on it, I think I should bring to his attention this ruling and also one which had to do

with the extension of the inquiry, which was asked by the opposition and which was voted down by the house. Therefore, a decision of the house having been taken on that very subject, it should not be brought forward again.

Mr. Macdonnell (Greenwood): Mr. Chairman, may I say with deference that we are now discussing the organization of the Department of National Defence. I am not reading from *Hansard*; I am reading from the Currie report which made an observation upon the organization of the department. There was only one short extract that I wanted to read. I submit that there is nothing more relevant in a discussion of the organization of the Department of National Defence than the suggestion made by a distinguished man engaged by the government to make recommendations. I just wish to be allowed to read briefly from those recommendations.

The Chairman: As I say, it is relevant; I did not stop the hon. member previously when he had made several references to it. He can carry on and make other references to it and I will not stop him. I have in mind the fact that if I allow the hon. member to discuss the Currie report at this time I shall have to allow other hon. members to do the same thing, and then we will not be discussing national defence estimates at all, but will be reviving a debate which took place a few weeks ago.

Mr. Macdonnell (Greenwood): Mr. Chairman, I think you will find that I am not going to discuss the Currie report, but I should like to quote from it as follows:

> This involves the abandonment, by all administrators of the program, of the war psychology with its emphasis on speed with resultant wastefulness and extravagance, and the substitution of an alert, economic and efficient operation flexibly designed, to be sure, to meet emergencies, but designed also to become a more or less permanent part of Canadian life and government.

It so happens that the Winnipeg *Free Press* has carried a series of articles by a man called S. M. I do not know who he is.

Mr. Knowles: Shane MacKay.

Mr. Macdonnell (Greenwood): I hope he is a good man. I should like to read briefly from this article because it is perfectly clear that I am not the only one who is troubled about this question of organization. This is from the Winnipeg *Free Press* of March 17, 1953:

> Apart from the individual cases of deficiency brought to light by the Currie report, a study of the present organization of the Canadian army indicates the presence of a more fundamental problem in military administration.
>
> Mr. Currie's report implies that the breakdown in the army works services branch may have been the consequence of a more serious administrative shortcoming at defence headquarters.

I am going to be quite brief. The writer of these articles and finally the Winnipeg *Free Press* itself puts forward quite a definite thesis as to organization. I have no intention of supporting that thesis because I have not given the matter enough thought. I am raising this only to show that this question of organization is exercising other people, and to show that there is a great disturbance of minds as to whether or not our organization is sound. I should like to read from another of these articles where reference is made to the hon. member for Nanaimo and a reference by him to the National Defence Act which was approved in 1950. This article reads:

> When the act was referred to a special committee of the House of Commons, General G. R. Pearkes, V.C., the Progressive Conservative for Nanaimo, commented on the wide powers it gave to the chief of the general staff.

I might interject here to say that the thesis of this writer, as far as I can make it out, is that the army chiefs have been given too much power. I continue to quote from the article which is quoting the hon. member for Nanaimo:

> "Mr. Chairman, I do not know whether the committee is aware of the fact, but I think there is a bigger change here in so far as the army and the general administration of the staff are concerned than in any other section of the act. Here you are changing the whole system of the staff control of the army.
>
> In the past you have had the general staff represented by the chief of the general staff, who has had the responsibility of co-ordinating the work of the other branches of the staff, the adjutant-general, the quartermaster-general and the master-general of ordnance.
>
> Here you are placing the chief of the general staff in a position senior to the heads of the other branches, and that is really a major change which is going back almost to the system which was in vogue in 1904, when you had a commander-in-chief of the army.

I shall go on now to make a few further brief remarks. I come back to the words used by Mr. Currie, "the creation of a system". This report was made by a competent man. Of course we thought that the inquiry should be extended, but it was not. I am not going to say anything about that, Mr. Chairman, because I see you shaking your head at me. But I think we might have expected that there would have been some indication in the minister's speech that somewhere there had been a stirring of the waters, that something was going to be done, that there was not complete satisfaction with the present situation. However, I could not detect anything of that kind in the minister's speech.

Maybe it was there, and if he can correct me on that I shall be only too glad to be corrected. I could not see that there was any recognition of the existence of the problem.

Since I may not mention the fact that we could not get the report extended you will realize that so far as we are concerned we feel that an iron curtain has been pulled down. If you cannot have an independent inquiry into what is going on you are faced with practically an iron curtain, as I said a little while ago. We have to go on in the dark to deal with such information as the minister sees fit to give us.

I want to be fair in this and say that we have been given quite a lot of information; but the question is, what kind of information? The information that we got is and is bound to be, shall I say, screened information. When I say "screened" I am not suggesting anything sinister—I want to be fair to the situation; but it is not the kind of information you get when you send in your own representative, when you send in an independent person to inspect. It is suggested to me that it is edited information. In one sense it is.

I have talked long enough and you have been most patient with me, for which I am grateful. I just want to say that the situation is unsatisfactory. It is perfectly clear that at the moment the defence of Canada is in a most unsatisfactory state. The minister used a phrase which at one time was used a great deal, that the sound thing is to defend your country as far away from your country as possible. But that remark would be valid only before the days of global aircraft. I am not sure, but I think that phrase was used first of all by the Australians in Africa, who said that they went to Africa because they preferred to defend Australia there.

As the hon. member for Nanaimo said, what is the use of saying that, unless you can get the enemy to agree to fight it out, say, in the Falkland islands? We know that at the present time the situation is unsatisfactory and there is no use of having any make-up about it. I can only hope that as a result of this debate and other means of enlightenment the people of Canada will wake up to the situation. If they do I am quite sure they will find it to be most unsatisfactory.

Mr. G. F. Higgins (St. John's East): Mr. Chairman, it is rather late in the evening—

Some hon. Members: Hear, hear.

Mr. Higgins: —and looking around the house I see that most people are fairly quiet.

[Mr. Macdonnell (Greenwood).]

I do not think there is going to be much interrupting. I am not going to say anything that is going to provoke people very much.

I want to talk about the silent service. It has not been talked about very much and it talks very little for itself. There is very little about it in the minister's white paper, very little in the minister's article that the hon. member for Nanaimo quoted, very little in *Hansard* of yesterday, and very little in the minister's speech of today. But because Canada is the type of country that will always require a navy, and because I come from that part of Canada which has been associated with the navy for so many years, I am going to take a little bit on my back and speak for a short time about the navy this evening. I am basing what I have to say, before I quote what I have to quote, on an article written by the chief of the naval staff, the present Vice-Admiral Mainguy.

When I first knew Vice-Admiral Mainguy in St. John's, Newfoundland, in the last war he was then known as Captain D, and he was the person responsible for the establishment of what has become in naval circles, and almost internationally, a very well known place, the Crows' Nest in St. John's, Newfoundland. Possibly some hon. members remember when they were on escort duty in the bad days of the last war and came back from England or Ireland to Newfoundland. After that particular patrol you went to the Crows' Nest to get a little bit of sustenance, not only the sustenance that you took there but the sustenance that you got in the form of good fellowship. As I say, the Crows' Nest has become more or less an international place for naval people, particularly of the Royal Navy, the Royal Canadian Navy and, as we knew it in wartime, the wavy navy of Canada. St. John's, Newfoundland, was indeed a very honoured place in those days because of the great number of ships that called there and because of the very real pleasure the navy extended to the residents of St. John's which they were happy to reciprocate in kind.

With that preamble I want to quote rather extensively, because it has not been quoted and I think it should be—the navy does not usually talk very much—from an article by the chief of the naval staff, Vice-Admiral Mainguy, in the last edition of *Canadian Shipping and Marine Engineering News*. It is the Royal Canadian Navy issue, and the article deals chiefly with submarines. I trust that I will be excused for putting it on the record. I think it is worth while having. It is not too long and it is quite important, at least to me.

At page 83 of the magazine there is the following in Vice-Admiral Mainguy's article:

A good deal has been said and written during the past few years on the subject of the R.C.N.'s chief potential antagonist, the modern submarine, but the fact remains that only a few have any clear understanding of its real, and considerable, destructive power. This should be as well known to every Canadian as it is to those who might seek to use it against us, for it is among the gravest threats that we may have to face as a nation should we become involved in yet another great destructive war.

In appearance the post-war model submarine is not vastly different from its sufficiently troublesome predecessors. In performance it is in many respects an entirely different vessel, with some rather alarming characteristics and possibilities. In the first place, its underwater speed is approximately double that which could be attained by the U-boats of the second world war. Secondly, the depth to which the submarine can dive is steadily increasing. This makes it harder to detect and increases its chances of escape even if detected.

Then he talks about the German apparatus which we knew as the snorkel but which he calls the "snort". He says that with the snort installed this submarine of the modern age can now stay down for a matter of weeks. He says that the modern submarine has a range of 5,000 miles, and carries torpedoes whose range may now be calculated in miles and which are equipped with target-finding devices which have increased their effectiveness most seriously. He goes on and enlarges upon the fact that the submarine with its new potential killing apparatus is an infinitely more dangerous weapon than ever before. Then he says:

The submarine is thus faster, harder to catch, harder to kill and possessed of greater destructive power than at any time in the past. What is more, it can be built in quantity. The U.S.S.R. has today some five or six times as many submarines as the Germans had in 1939, and is certainly building many more of advanced types. The present fleet is actually about the size of that possessed by Germany at the zenith of success in the last war. There is every indication that it will continue to grow.

I am by no means competent to evaluate properly the findings of the chief of the naval staff except as an ordinary common-sense individual reading common-sense language. The Minister of Fisheries may say that I cannot write too well, but I can read better than I can write.

Mr. Graydon: He needs glasses.

Mr. Higgins: It does appear to me that the new submarine is a threat that we cannot afford to ignore in any way. I believe the only way—and again I speak subject to correction by persons who are very much more advanced in knowledge of this particular subject than I am—that you can possibly handle submarines is by the co-ordination of aircraft and surface vessels. There are two particular factors to which I want to direct my remarks in the time left to me tonight, the aircraft and the surface craft that Canada now has.

Before I proceed to deal with the aircraft situation, may I say that I am somewhat confused by the statement made by the chief of the naval staff as to the ships now under construction, by the white paper issued by the minister and by the minister's statement in *Hansard*. I shall tell the minister the particular parts about which I have a little doubt so I will not confuse him any more than I am. For instance, in the table that the chief of the naval staff has in his article he shows the Royal Canadian Navy's construction and conversion program. Under the heading "New Construction" there are fourteen anti-submarine escort vessels, with nine under construction, three of them launched and five more to be laid down in the near future. You will note he says that three of them are launched. After all, a ship is a ship. It does not disappear. It does not suddenly get itself born again. He says that three of them have been launched.

At page 25 of the minister's white paper, paragraph 130, the statement is made that two escort vessels have now been launched and nine keels have been laid. Either there is a misprint in one statement or the other or the minister is wrong or the chief of the naval staff is wrong. Obviously somebody is out a ship.

Mr. Claxton: Or the dates are different.

Mr. Higgins: Well, yes; I suppose the dates could be different. The minister's statement is dated—what date is it, actually? I presume it is dated the day he tabled it.

Mr. Harkness: He tabled it the day before yesterday.

Mr. Higgins: This particular issue of the magazine is dated March, 1953. Perhaps there was a ship launched—or not launched—within the past seven or eight days. There could be, I suppose. The chief of the naval staff says, as I say, that there are three; and the minister in his statement says there are two. Maybe there was a ship launched in the past week that the minister did not know about. I suppose that could be, but I would think it unlikely.

Mr. Claxton: I said there were three, tonight.

Mr. Higgins: Then the white paper is wrong?

Mr. Claxton: It is a little out of date.

Mr. Higgins: When was this printed?

Mr. Harkness: It was tabled the day before yesterday.

Mr. Higgins: How much more is wrong in this?

Mr. Fulton: Most of it is wrong.

Mr. Higgins: This is a rather extraordinary situation.

Mr. Cleaver: Why?

Mr. Higgins: I will tell you why, and I am just giving it to you as I see it. Your hon. members may be used to it, but I accepted this thing as a statement of fact.

An hon. Member: You are naive.

Mr. Higgins: I agree that may be so. I thought everything that was in this was absolutely correct; but do you mean to say this is not correct?

Mr. Claxton: Correct as of the date when it was prepared.

Mr. Higgins: I do not want to provoke things at this hour of the evening, Mr. Chairman, but would the minister say when this was prepared?

Mr. Claxton: I would have to look at the passage and trace it back.

Mr. Higgins: Would you look at it?

Mr. Claxton: Sure.

Mr. Higgins: Would you do it now? Have you got it there?

An hon. Member: He is going to answer you.

Mr. Claxton: Sure.

Mr. Higgins: It is paragraph 130 and it says:

> Two escort vessels have now been launched and nine keels have been laid.

The minister says that is not correct. Well, what is the correct situation, and when was the correction made? Before I go on could I have that answer?

Mr. Claxton: Yes.

Mr. Higgins: Do you mean to answer it now?

Mr. Claxton: No, I will answer it tomorrow.

Mr. Higgins: All right.

An hon. Member: They are going to lay another keel tomorrow.

Mr. Lapointe: Are you lost, Gordon?

Mr. Higgins: There are a couple more what appear to be errors that the minister could explain.

An hon. Member: Only five minutes to kill.

[Mr. Higgins.]

Mr. Higgins: I have not any five minutes to kill.

Mr. Cleaver: Four and a half.

Mr. Higgins: If hon. members would only give me their attention I might be able to gather my wits together. All right; in paragraph 131 we have this particular sentence:

Mr. Lapointe: Who found that for you?

Mr. Higgins: It reads:

> Three additional destroyers, nine "Bangor" class minesweepers . . .

—and I had better finish the sentence—

> —two diesel minesweepers and fifteen frigates are expected to complete conversion refits during 1953.

Vice-Admiral Mainguy says: Minesweepers, "Bangor," ten complete, ten others under modernization. There is a very definite difference; and I think I am reading it correctly now.

Mr. Cleaver: Just two minutes now.

Mr. Higgins: Does the hon. member want to time me?

Mr. Lesage: We are helping you.

Mr. Harkness: On a question of privilege, hon. members on the Liberal side seem to be implying by their constant interjections about time, and so forth, that the hon. member is trying to kill five minutes—

An hon. Member: Sit down.

Mr. Harkness: Mr. Chairman, my question of privilege covers the fact that I have four pages of notes on which I will speak at considerable length as a result of the speech the minister made. I should say that will take me 15 or 20 minutes, so there is no question of killing time or anything else.

The Chairman: I submit that is not a question of privilege.

Mr. Fulton: Well, I have a question of privilege.

Mr. Lesage: You are getting a lot of help.

Mr. Fulton: My question of privilege is that we are discussing here the estimates of the Department of National Defence. It is my understanding that, according to the rules of the house, the minister is bound to answer questions which are put to him.

The Chairman: Order.

Mr. Fulton: That is a perfectly good question of privilege.

The Chairman: Order.

Mr. Pouliot: Mr. Chairman, I want to listen to the hon. member for St. John's East, but the hon. member for Calgary East and the hon. member for Kamloops prevent me from listening to him.

The Chairman: Someone suggests that time will be killed. Perhaps I should kill it myself and therefore settle the argument.

The point I want to bring forward is that last year and two years ago when we studied the estimates of the Department of National Defence there was an agreed procedure, which we are following this year. It is that first of all we have a general policy discussion and, as soon as that is over, we carry on with the question and answer period. I think we are still at the general policy discussion period.

Mr. Claxton: May I help the hon. member for St. John's East out of his difficulty by taking up the remaining time—

Mr. Harkness: No, no, no, Mr. Chairman.

Mr. Cleaver: Held over.

Mr. Claxton: The date in the white paper for ships and such matters is up to February 28, or some date in February. The paper was set up in proof form but dates and figures were changed as they came in, particularly regarding manpower. Subsequent to the insertion of the figure of two ships launched, shown there as at the month of February, there was one ship launched. Hence my statement today. Admiral Mainguy's statement in the publication from which you are reading, and the statement in the white paper are all correct.

Mr. Harkness: Mr. Chairman—

The Chairman: May I ask the Minister of National Defence not to imply—

Some hon. Members: Order.

The Chairman: —that perhaps the hon. member for St. John's East had in his mind to kill time. Also, I would not want anything I said myself, when I made a remark in a light vein, to be construed to the effect that the hon. member was trying to kill time.

Mr. Graydon: The clock has let you all out.

Mr. Harkness: Before you call it ten o'clock, I think the minister should withdraw that remark.

Mr. Pouliot: You will agree, sir, that it is easier to kill time than it is to kill the minister.

Mr. Harkness: I would like the minister to withdraw the remark that the hon. member was killing time.

The Chairman: I am glad to see that at this closing hour hon. members are still in a very good mood. I might tell the hon. member for Calgary East that under the rules the implication which was perhaps in the minister's remark is not offensive and I do not think I should ask him to withdraw. Might I make the suggestion that no implication should be left of accusing an hon. member of trying to kill time. The minister has nodded his head in agreement with me. That nod will not appear on *Hansard* but my explanations will clear up the situation, and I think that will satisfy the hon. member.

Mr. Higgins: May I make a suggestion? I realize that the minister has been under a bit of cross-heckling today, if you will, and I am quite certain that he did not mean the remark he made. Even if he did it would be understandable. I was really not trying to kill time, but I was pressing the point I was trying to make, and I will make it tomorrow, maybe.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, tomorrow we shall take up the second reading of Bill No. 334, an act to provide for the superannuation of persons employed in the public service of Canada. After second reading this bill will be referred immediately to the committee on banking and commerce. I should like to see the bill reach that stage, because the Minister of Finance will be absent for a week and we shall have time to make a serious study of this bill in the committee. Then we shall take up the estimates of national defence and trade and commerce.

Mr. Fleming: In that order?

Mr. Fournier (Hull): In that order.

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

HOUSE OF COMMONS

Thursday, April 16, 1953

The house met at eleven o'clock.

ELECTRICITY AND FLUID EXPORTATION ACT

ORDERS IN COUNCIL AMENDING REGULATIONS AND ISSUING LICENCE TO WESTCOAST TRANSMISSION COMPANY LIMITED

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I wish to lay on the table order in council P.C. 1953-562 of April 14, 1953, amending the regulations relevant to the Electricity and Fluid Exportation Act and also order in council P.C. 1953-563 dated April 14, 1953, with respect to the issuance of a licence to Westcoast Transmission Company Limited for the exportation of natural gas.

QUESTIONS

MCCREADY AND JOHANNSON LIMITED

Mr. Shaw:

1. What was the amount of contract awarded to McCready and Johannson Limited for work at Penhold?
2. What payments have been made to this firm to date?

Mr. Dickey:

1. No contracts awarded at Penhold to McCready and Johannson Limited. They are subcontractors to Alexander for roofiing and sheet metal work.

2. Answered by No. 1.

CHILLIWACK GARRISON, B.C.—REMOVAL OF ASHES AND REFUSE

Mr. Cruickshank:

1. What were the amounts tendered for the removal of ashes and refuse in the Chilliwack garrison area?
2. Who was awarded the contract?

Mr. Dickey:

1. Tenders for the fiscal year 1953-54:

No. 1—$750 per month.
No. 2—$800 per month.
No. 3—$900 per month.

2. The contract for these services was awarded to V. Gibson, Chilliwack, B.C. at the rate of $750 per month.

WHEAT PURCHASES BY ELEVATOR COMPANIES

Mr. Argue:

1. How much wheat was purchased by each elevator company at country elevator points, during the crop years 1950-51 and 1951-52?

2. How many bushels of each grade of wheat from No. 1 to feed wheat and including tough, damp and rejected grades were purchased by each company in each of the above years?

Mr. McIlraith: Mr. Speaker, when this question was called on April 8 I indicated that to give the information requested would disclose the competitive position of each elevator company. I pointed out that it had never been the practice to give such information and I asked that the question be dropped. The hon. member asking the question was not in his seat on that day and at the request of his leader we let the question stand. I see he is here today, and I wonder if the question could be dropped.

Mr. Speaker: Dropped.

QUESTIONS PASSED AS ORDERS FOR RETURNS

ST. JOHN'S, NFLD.—HOUSE ON CIRCULAR ROAD

Mr. Higgins:

1. From what person or body was the house situated at Circular road, St. John's, Newfoundland, presently occupied by the premier of Newfoundland and taken over when Newfoundland entered confederation, purchased?
2. What was the amount of the purchase price?
3. Was the person or body the owner?
4. If so, when did the person or body acquire the said property?

MARITIME MARSHLANDS—SHEPODY BAY AREA, N.B.

Mr. Robichaud:

1. Are marshlands in the Shepody bay area, in the province of New Brunswick, being reclaimed under the provisions of the Maritime Marshland Rehabilitation Act?
2. What are the names and addresses of the owners of said marshes to be thus reclaimed?
3. Is this reclamation work being done by contract?
4. If so, have tenders been called to carry on this work, and what are the (a) names and addresses of tenderers; (b) amounts of each tender; (c) to whom were the contracts awarded?

WHEAT

ADDITIONAL SHIPMENTS OF WHEAT TO HALIFAX AND SAINT JOHN

On the orders of the day:

Mr. S. R. Balcom (Halifax): Mr. Speaker, I would like to direct a question to the Minister of Trade and Commerce. Is it the intention of the wheat board, because of the strike in Vancouver, to ship additional wheat

to the elevators in Halifax and Saint John, and is it the intention to ship wheat through these Atlantic ports during the summer months?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, the strike on the west coast has, of course, placed an additional burden on the eastern routes. Whether grain will be shipped through Halifax and Saint John I do not know, but I may say that wheat is being railed to Halifax and Saint John with the idea, in any event, that the elevators will be filled at both points.

The situation of the maritime ports is that the cost of putting wheat in those elevators is obviously more than the cost of putting it into the elevators at Montreal. If the wheat board is able to sell wheat from the maritimes for delivery before shipments from those points would normally begin, with that differential, I presume that grain will be sold; but I cannot say any more than that.

INTERNATIONAL WHEAT AGREEMENT—NON-PARTICIPATION BY BRITAIN

On the orders of the day:

Mr. W. Ross Thatcher (Moose Jaw): I would like to direct a question to the Minister of Trade and Commerce.

In view of the announcement by the British food minister yesterday that his government will not participate in the wheat agreement, will not the government now consider sending a minister overseas in one last effort to induce Britain to reconsider the matter before April 30?

Right Hon. C. D. Howe (Minister of Trade and Commerce): I will speak for myself. I have no intention of going to Europe before I sail for the coronation, which I hope will be in the middle of next month.

Mr. Thatcher: It will be too late next month.

BRIDGES

CHARLOTTETOWN, P.E.I.—OWNERSHIP OF RAILWAY BRIDGE

On the orders of the day:

Mr. W. Chester S. McLure (Queens): I desire to direct a question to the Minister of Transport. Has a decision or an agreement between the federal government and the government of Prince Edward Island been arrived at with reference to the ownership of the condemned railway bridge on the Hillsborough river, Charlottetown, Prince Edward Island?

[Mr. Balcom.]

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, my recollection is that some time ago I had correspondence with the premier of Prince Edward Island on that subject but, as far as my memory can stand at the moment, I have no recollection that agreement has been reached. I believe that the matter is still at the point of negotiation.

PUBLIC SERVICE SUPERANNUATION ACT

PROVISION FOR PRESENT AND FUTURE PAYMENT OF ANNUITIES AND OTHER BENEFITS

Hon. Douglas Abbott (Minister of Finance) moved the second reading of Bill No. 334, to provide for the superannuation of persons employed in the public service of Canada.

He said: Mr. Speaker, in moving the second reading of this bill I intend to limit my remarks to the major changes which are proposed in our system of providing contributory superannuation benefits for employees in the public service of Canada. I shall not try to cover the details of this admittedly complex piece of legislation because, as soon as second reading has been given, I propose to move that the bill be referred to the banking and commerce committee for detailed study.

In preparing this bill I have had the benefit of the valued advice of an advisory committee composed of representatives of our employee organizations and senior administrative officials, and I should like to place on record my sincere appreciation of the responsible and constructive assistance which this committee has given me. I am glad to be able to inform the house that all the proposed changes of substance have the support of this committee and that all the important points it recommended have been incorporated in the bill with one exception.

The one exception is a request that the pension benefits should be calculated on the retiring employee's average salary for his best consecutive eight years instead of his best consecutive ten years, which we are now proposing. The government has not been able to accept the cost of adding this further improvement in the pension provisions, because we believe that the other proposed major and minor modifications in the plan will place the superannuation account in a very close balance from the actuarial standpoint.

In this connection hon. members will recall that, just over a year ago, I tabled a report on the actuarial examination of the superannuation account prepared by the chief actuary of the Department of Insurance. This report revealed that the account was inadequate to meet its full estimated liability

and, even after making special credits of $75 million in each of the fiscal years 1950-51 and 1951-52 and a further one of $25 million in 1952-53, there is still an estimated actuarial shortfall of $189 million as of March 31, 1953. Steps have been taken, as hon. members know, to see that no further deficits develop and the new bill contains a requirement that an actuarial report be laid before parliament at least once in every five years. This will provide a means of determining whether the procedure adopted since that report was prepared is, in fact, adequate.

I think that I should make it quite clear at this stage that our basic objective has been to devise a plan that can be supported on the basis of equal contributions by the employer and employee to which the government would add interest. In addition, of course, special contributions, such as those which I have just mentioned, will have to be made from time to time to reduce the deficiency which already exists or to make good any new deficiency created by a general salary increase which cannot be foreseen in establishing the contribution and benefit pattern.

Taken as a whole this bill provides for a contributory system of pensions for public servants and their dependents that is in line with the best prevailing practices of government and of private industry as developed in this or in other comparable countries. I believe the proposed plan is fair to our employees and is also fair to the people and the taxpayers of Canada who, in an ultimate sense, are the employers of all those in the public service of our country.

Under these circumstances, the government cannot recommend acceptance of all the many requests that have been made for improvements in the benefits which would add materially to the cost of this pension plan at the expense of the Canadian taxpayer. If, however, several years of experience under the new plan show that there is room for some further improvements, the matter can be reviewed at that time. And, of course, if there were a general willingness to pay higher rates of contribution the benefits under the plan could be still further improved.

I turn now to a summary of the principal changes proposed in this bill. Perhaps the most important change of principle is the proposal that, in future, as I indicated the other evening, the benefits under the act will be a matter of right rather than a matter of grace, as has been the rule heretofore. Up until now, all payments under the act have been grants by the governor in council in recognition of good and faithful service. In future, payments will be matters of right with ultimate determination, if necessary, by normal judicial process. Concurrently with this change of principle we have endeavoured, as far as is practicable, to spell out all the rules and their application in the law. In as complicated and as human a matter as pension rights it is impossible to cover every conceivable situation by a clause in the act and there must therefore be some provision for the making of regulations by the governor in council; but hon. members will find, if they compare the present act with the bill now before us, that much more has been spelled out in the bill and much less has been left to regulation-making powers of the governor in council in very general terms.

These two factors—the establishment of a legal right to benefits and the effort to put more into the bill and less into the regulations—are responsible for the somewhat greater length and apparent complexity of this bill as compared with the existing acts.

The principle I have just stated is perhaps the most important change in the legal aspects of this bill, but the change which will have the greatest impact on the whole body of the public service is the proposal to withdraw the present distinctions under the act between so-called permanent and so-called temporary employees.

If this bill becomes law, that distinction will disappear and, once any contributor has five years of pensionable service to his credit, he will become eligible to receive annuity benefits in accordance with the circumstances of his retirement. While a new employee would normally be appointed on a temporary basis in the first instance, this bill provides a waiting period of not more than one year of substantially continuous employment before such a person would become a contributor to the superannuation account. If he were appointed on an indefinite basis before the year was over, he would become a contributor from the time of that appointment.

The word "temporary" will still be used in future but it will be applied, and more appropriately, to the types of employees who were formerly described as "casual". The new class of temporary, like a casual employee in the past, will neither contribute to nor, of course, receive benefits under the new scheme.

Consequently, unless provision is made for his retirement benefits under some other act, every full-time employee in the public service, married or single, male or female, with an annual rate of salary of $900 or more, who is not a sessional employee and

has not been locally engaged outside Canada, will commence to build up his superannuation credits after no more than a year of substantially continuous employment. Prevailing rate and seasonal employees will, as in the past, become contributors to the superannuation account when they are designated for that purpose by the governor in council or when, in the case of the former, their status is changed from prevailing rate to classified. Perhaps I should point out here that, as the name implies, the Public Service Superannuation Act has a considerably broader coverage than just the employees who are subject to the Civil Service Act. This was the case under the Civil Service Superannuation Act as well so there is no change in policy in this respect.

Before going any farther I should make it clear that, while it may be some months before the administrative machinery can be adjusted to handle the great influx of the present temporary employees as contributors, any contributor to the superannuation account who retires after December 31, 1952, or the dependents of any contributor who dies after that date, will be able to enjoy any improvement in the benefits which the new act would bring. There is no need therefore for any of these persons to worry about a slight delay in bringing this act into effect. Any additional payments to which they may be entitled will then become payable retroactively. On the other hand, no change is proposed in the allowances where the retirement or death occurred prior to January 1, 1953.

The general pattern of benefits under the new act will give all contributors rights to annuity benefits after five years of pensionable service. If a contributor ceases to be employed during those first five years, the only benefit available will be a return of contributions.

If retirement takes place after five or more years of pensionable service and the contributor is over the age of sixty, an immediate annuity only will be available. If a person leaves the service before sixty because of disability or otherwise, he will have the option of some form of lump sum payment or an annuity commencing immediately, if disabled, or at the age of sixty under other circumstances. If the treasury board agrees, the deferred annuity may be paid as early as the age of fifty but reduced on an actuarially equivalent basis.

In the event of dismissal due to misconduct the treasury board will be empowered to look into the circumstances and may give entitlement to the whole or any part of any benefit to which the person would otherwise have been entitled, subject to a minimum benefit of the return of contributions. Under the existing act the most that a dismissed person can get is the return of his own contributions which in some cases can prove to be a very severe financial penalty in relation to the offence which brought about his dismissal.

In the case of the death of a contributor before his own retirement, the widow or children will receive an immediate annuity, if he has had more than five years of service, or a return of his contributions if he had less than five years of service. Where death takes places after retirement and no lump sum benefit has been paid to the contributor, then the widow and children will receive an immediate annuity. If there is no widow or child the contributions, less any benefit already received, are payable to the estate of the deceased.

Under the Civil Service Superannuation Act, the normal annuity of a retired contributor was based upon his average salary in his last ten years of service. As I indicated earlier, under the new bill it will be based upon his average salary over his best ten consecutive years. This will be of assistance to those who, for one reason or another, may be in less well paid positions during the last years of employment.

The allowance payable to a widow and children of a deceased contributor will continue to give the widow one-half of the husband's annuity in the normal case and one-tenth for each child; but, under the present act, no matter how many children there are, the combined widow's and children's benefits are limited to 75 per cent of the husband's allowance. This bill provides for an increase in this limit from 75 per cent to 90 per cent of the husband's annuity in the normal case. This increase will be of most assistance through the insurance protection provided for the man who may die in his younger years leaving a widow and three or four young children. Similarly, the upper limit of orphans' allowances has been raised from 50 per cent to 80 per cent of the deceased father's annuity. Moreover, the $600 annual limit on each orphan's allowance has been removed as well as the $300 limit in the case of each child where the mother is still living.

At this stage I should mention the one type of benefit which is being dropped in the proposed act. Up to now an immediate allowance payable for life has been available on the abolition of office of a contributor. The existence of this form of benefit has been one of the main reasons for excluding

temporary employees from the annuity benefits of the present act, because of the financial loss which would result from the granting of abolition of office allowances should large numbers of these employees be released. From the financial point of view, therefore, the only sound thing to do on making annuity benefits available to the present temporary employees is to eliminate that form of benefit. This move is also in line with other steps which have been taken to increase mobility not only within the public service, but also into and out of it, and to dispel the impression that employment with the government carries with it a right to permanency.

While there are a number of other minor changes in the benefit pattern, I shall leave the explanation of them to the discussion in the committee.

Turning now to the question of contributions, the only change in the bill in this respect is the requirement that all male contributors pay 6 per cent of their salaries until they have the usual thirty-five years of pensionable service to their credit. Female contributors will continue to pay on a 5 per cent basis. Hitherto male employees have contributed on the basis of 5, 5½ and 6 per cent of their salaries depending on either their salary levels or the year in which they commenced to contribute to the superannuation account. This will mean that some of the older employees will now have to pay 6 per cent for a few years instead of the former 5 per cent, regardless of salary, but these persons are eligible to receive all the additional benefits which have been introduced since they became contributors to the superannuation account prior to August 11, 1939. They have, in effect, been enjoying a 1 per cent salary advantage over others who may have started to contribute at a later date but have been doing the same work at the same nominal salary. It is only fair therefore that everyone should contribute on the same basis.

A person who is already contributing for a certain period of prior service under the Civil Service Superannuation Act will be able to continue to pay for that period on the same basis as he has been.

A number of changes in the nature of this prior pensionable service for which a person may elect to contribute have also been included in this bill. The most important of these relates to war service. Under the present act a contributor could elect to pay for war service only if he had overseas service to his credit. Thus great numbers of civil servants have been debarred from counting this form of prior service through no fault of their own. The government has received numerous representations to remove this restriction and considers that they are reasonable. It is proposed therefore, under the new act, to make no distinction between active service in the forces whether in Canada or overseas. A further minor change in respect of the period of war service that may be counted arises out of the extension of the termination of world war I from November 11, 1918, to December 31, 1920, the date of national demobilization.

For one reason or another large numbers of civil servants fail to elect to pay for prior service within the one year limit of the present act but come along wanting to elect in later years. In many cases the reason for the earlier failure to elect is that the civil servant may not have intended to remain with the government or did not fully realize the advantages of having this service to his credit. Then, gradually, with a number of increases in salary or the acquisition of a family he realizes what he has missed. Most persons would want to elect at a later date because it would be greatly to their advantage, but that would lay the superannuation account open to actuarial selection against it. On the other hand, many may have missed their chances to elect through some minor fault or neglect.

To overcome this, but also to guard against selection and at the same time to establish an increasing penalty the longer a person defers his election, this bill provides that an election for prior pensionable service can be made at any time, but, if it is not made in the first year, it can be made only if the person satisfies the medical examiners and contributes on the basis of his salary at the time of making the election rather than on the almost certainly lower salary at the time when he was first employed.

A medical examination will also be required during his first year as a contributor if a person wishes to contribute for service under an approved pension plan with another employer. Failure to satisfy the medical examiner in that case means only that he acquires no annuity rights until he has served another five years.

As I mentioned earlier, this bill contains several features designed to encourage the mobility of labour, particularly through the transferability of pension rights when an employee enters or leaves the public service. Provision is made in this new bill for the entry into agreements with crown corporations, provincial and municipal governments, the Bank of Canada, the government of a

foreign country and international organizations designated by the governor in council. Under these agreements it is envisaged that an employee who transfers from one of these bodies to the public service or vice versa will carry with him all service to his credit under his former pension plan and that both his own and the employer's contributions will also be transferred.

The retirement fund will be continued under the proposed act on a very much reduced scale. Prevailing rate and seasonal employees will contribute to this fund until such time as they are designated as contributors to the superannuation account. With reference to the prevailing rate employees, I might say that we are exploring an equitable way of providing more of them with annuity benefits rather than a mere return of contributions with interest from the retirement fund.

The only other new feature on which I might perhaps comment now is one that will make it possible for a widow, for example, who is entitled to an allowance under the new act to pay out of the superannuation account all or a part of any succession duties attributable to her allowance. This would be done only at her request and would result in her own annuity being reduced on an actuarial basis.

I think that I should say a few words about one aspect of the retirement picture which has not been carried forward in this bill. Under the present act retirement is compulsory if an allowance is offered to a contributor, and no contributor may be retained in the civil service beyond 65 years of age, except where the governor in council, for reasons of exceptional efficiency and fitness, grants annual extensions up to the age of 70.

The proposed act does not specify an obligatory retirement age but continues the provision in the present act whereby, after August 1, 1957, superannuation benefits are frozen for those already over 65 and will be frozen for others on becoming 65. Because of ever-changing conditions the government feels that there would be some advantage in not being too rigid about this matter in an act which is primarily designed to cover the situation when employment ceases. The policy to be followed in lieu of that provided under the present Civil Service Superannuation Act is being worked out and will be made known in due course.

In conclusion, may I emphasize to hon. members the ultimate purpose behind this legislation. Our pension plan with its various benefits is an integral and essential part of the pay that is provided for civil servants. It is taken into account in establishing salary rates and other conditions of employment. It is, I think, wholly fitting that part of the remuneration of persons in the public service should take this form, because the security that a pension plan provides helps to ensure that independence and stability which is so important in the public service. To many of those in it, the public service cannot offer financial rewards on the scale that they could secure in commercial, industrial or professional life; rather it offers that interest and satisfaction which arise from the nature of the work and the purposes to which it is directed. If we are to expect such employees to remain in and to enjoy their work in the public service we must, I think, provide them with reasonable security for their old age or disability so that they can, to a reasonable degree, discount the urge to seek more immediate financial gains.

As I said the other evening, Mr. Speaker, after the motion for second reading has been adopted I propose to move that this bill be referred to the standing committee on banking and commerce for detailed consideration.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I think there will be general agreement by all the members of the house with the statements made by the Minister of Finance (Mr. Abbott) in closing his remarks when he said that it is essential that we give to the civil servants that feeling of security and certainty of employment which in itself contributes greatly to the efficiency of their work by the state of mind that this feeling in itself produces.

I feel sure also that there will be general agreement with the step that is being taken to extend to those who have been working for the people of Canada, under the employment of the government which represents them, those provisions for superannuation which have been denied to so many employees because of their designation as temporary employees. It is true that the term "temporary employee" will disappear under the provisions of this act so far as superannuation is concerned; but it is my understanding that this term still remains as a designation of those employees who are under that category so far as other aspects of their employment and occupation are concerned. I have heard no suggestion to the contrary.

Mr. Abbott: What we have referred to as casual employees; yes.

Mr. Drew: Yes. This indicates a need for going still further than this bill goes. I think this is an appropriate time to mention this fact because the approach that is made to the bill itself, when it is in committee,

will of necessity be governed in some measure by the over-all situation to which this act applies.

There are certain detailed problems which have been referred to already in earlier discussion when the motion preceding the introduction of this bill was before us and these undoubtedly can be dealt with in still further detail when the bill is before the committee, as it has been stated it will be. There are, however, one or two points that I should like to mention.

The unfortunate situation in which those in some special categories of employment still find themselves has not been dealt with by the minister in his statement today. I think that one of the gratifying features of the earlier discussion on the motion was the fact that the comments which were made were divorced from any special point of view because of a member sitting in one part of this house or in another. That is as it should be. The civil servants, whatever their designation may be, are servants of the people of Canada. They are servants who continue to serve the people of Canada whatever government may be in power or whatever the party may be from which that government is drawn.

I am convinced that there is general agreement in regard to the principles which should apply to the employment of civil servants and to the desire to create in the minds of civil servants that sense of security which they should feel in work which is of the utmost importance but at the same time does not receive the remuneration which would be given for the same type of work in private occupation.

I must say that some of the views put forward in regard to those who were employed in the Department of Veterans Affairs were of concern to every one of us. Through special circumstances relating to the history of the department, those who had been employed for some time in that department now find themselves at a disadvantage which was pointed out when this subject was under discussion. There is no indication that this situation is to be covered by anything now before us. Nevertheless, I would hope that when this measure is before the committee there will be an opportunity to make recommendations in regard to amendments to apply to that relatively small, but still substantial, number of employees of the Department of Veterans Affairs whose position has been prejudiced by events entirely beyond their control. I trust that this will be dealt with, and dealt with along the lines suggested in the discussion which has already taken place.

Consideration should also be given to the fact that the calculating of superannuation for appointees is on the basis of the last ten years of service. I do think there are reasons why this in itself does produce inequalities which have been pointed out, and which I am sure will be pointed out to the committee. Very strong arguments have been put forward that the basis of calculation should be the last five years. That view has been expressed by representatives of the civil servants themselves and by representatives of the veterans' organizations, and I hope it will be given due consideration when this committee is considering possible amendments to the proposed measure now before us. That and other related subjects, however, can be dealt with at that time.

The very fact that we are now expressing our general approval of a plan to bring under the provisions of the superannuation act those who have been described as temporary employees for so long emphasizes in itself the necessity for a general review of the situation, and the inclusion of all those employees affected by this act and similarly beneficial provisions under any legislation which would end any distinction of that kind.

An effort should be made to equalize, not only from the point of view of supervision, but from the point of view of status, security of employment and other provisions of that kind, all those who have worked for long years, and have long ago demonstrated by the length of their employment the fact that they were not temporary employees. To the extent that this measure brings to an end or, shall we say, reverses the tendency to increase the proportion of temporary employees in relation to permanent employees, it should be welcomed by everyone in this house as well as by those employed in that way.

In explaining the general provisions of the measure now placed before us for consideration, the Minister of Finance has spoken of the so-called permanent employees and the so-called temporary employees. That was a very apt term. The employees are only so-called temporary when they work as temporary employees for ten, twenty, thirty and forty years, as some of them have. There is however this fact which we must recognize. There has been a steady increase in the relationship of the number of temporary employees to permanent employees. In 1939 the temporary employees were a much smaller percentage of the total than they are today. In 1939 the number of temporary employees was 43 per cent of the number of permanent employees. Today the number of temporary employees is 126 per

cent of the number of permanent employees. In fact the figures, as of December, 1952, which would presumably represent the general situation fairly accurately today, show that there were 56,936 permanent employees and 72,200 temporary employees.

The measure now before us provides for putting temporary employees who have at least one year's service on the same basis for pension purposes as permanent employees; but so far as I am able to interpret the statement made to us, or the bill now before us, it does nothing about those special problems relating to employment which are substantially affected by the difference in designation. It has a provision with respect to veterans, but it will still remain for the committee to make sure that those provisions are effective and deal adequately with the special problems of veterans in relation to civil service employment.

Without doing more than seeking to emphasize the considerations which should be before the committee which will have wide-open discretion to review the sections and consider proposed amendments, I would point out that when we start to discuss the question whether the basis of computation should be eight years, ten years or even five years, as recommended by the representatives of the civil servants and veterans' organizations, we realize how unreal the word "temporary" is in relation to a great deal of this employment.

This measure automatically brings some 60,000 of the temporary employees within the provisions of this act because of its coverage of those who have at least one year's employment. But there still is a very large number of temporary employees who are outside the provisions of this act. The figures which are before us show that to be the case, since the figures of the department show that there were 72,200 temporary employees as of December last.

This indicates that there are still over 12,000 temporary employees not affected by this measure. It is true that, as their employment might continue and they might meet the condition of a year's employment, they would find themselves under the provisions of this measure.

Mr. McIlraith: Mr. Chairman, would the hon. member permit a question at this point? I am wondering if he has taken into consideration in his argument at the moment the distinction between casual and temporary employees as it is now in common usage in the service?

Mr. Drew: Oh, yes.

[Mr. Drew.]

Mr. McIlraith: Because I am inclined to think that the difference to which he is referring is made up largely of the casual employees. There are really three designations for classes of employees now being used.

Mr. Drew: No, this does not include casual employees. At the time there were 72,200 temporary employees, there were, according to the figures issued by the department, 11,758 casuals.

Mr. Abbott: We should not have any confusion in the matter of terminology. As soon as it is recognized that anyone is suitable for the public service, he or she will come under the act. That is the principle of the bill.

Mr. Drew: I was not attempting to confuse the issue. I was simply explaining that the figure of 72,200 does not include the casuals. It embraces the number rated as temporary; and therefore there are still some 12,000 designated as temporary employees who are not embraced by this act. The minister has not left any doubt about the situation. He has indicated that as they reach that qualification of a year's employment—

Mr. Abbott: Or even before.

Mr. Drew: Yes, or even before—they then find themselves eligible for benefits. I am not raising this by way of criticism; I am simply pointing out that it still leaves a number of temporary employees, who may or may not be temporary employees in any way, depending upon the types of occupations for which they have been engaged.

Mr. Abbott: If they stay in the public service they will come under it.

Mr. Drew: What I am emphasizing is that in dealing with this problem, which is a very real one, in a way which I am sure meets with general approval in the house, I urge that we recognize what this demonstrates. It demonstrates how unsatisfactory it is that there should be civil servants who have had many years of occupation but who are described as temporary. This still does not remove that difficulty, so far as other terms of employment are concerned.

Mr. Abbott: It removes that, completely.

Mr. Drew: It removes that difficulty and injustice so far as superannuation is concerned. This is in fact a step to render justice to those who have been designated improperly as temporary employees of the government of Canada. And when I use the word "improperly" I am not attributing any improper motive. But it is a practice that has grown up; and by the figures I have shown it has had the habit of extending itself.

I suggest that in dealing with this matter we should recognize that fact, and that we should adopt the attitude that this is the recognition of a principle which should be extended still further to the civil service of this country, and that we should end the unreality of the term "temporary" in relation to those who have had steady employment for some period of time.

I do not intend to deal with the sections one by one, because they will be discussed by the committee. Many of them carry out rather involved provisions in regard to the method of computation. There is one section however to which I should like to refer, one which I believe is very satisfactory, and that is section 28. This section provides for reciprocal agreements in respect of the transfer of employees. I believe that is a very satisfactory arrangement, and one which should be encouraged. It should be applied wherever possible in connection with the transfer of civil servants from one government to another. More and more there is an increasing field of joint activity between the dominion and the provincial governments. I am sure for that very reason it will be extremely advantageous to the public service of Canada generally if civil servants of the dominion and of the provincial governments may be transferred from one service to the other, without disrupting their continuity of employment, or their continuity of contribution to superannuation. In fact, the more that there may be an even standard of civil service employment across Canada, the better it will be for the public service generally.

I am not suggesting for one moment that anything done by this government should encroach in any way upon the authority of provincial governments or legislatures. But the very fact that such agreements can be worked out will widen the opportunity for the exchange of civil servants in those branches of employment where it may be that a civil servant of the dominion government may perform a more useful service at some point in the administration of a provincial government or vice versa.

I support the general principle of the bill. And in discussing the points I have made I would ask not only that they be given consideration in committee, but that also we acknowledge this step as a recognition of a general principle which should apply to the whole service; and that the name "temporary" should cease to be used in respect of people who long since ceased to be temporary employees, as shown by their years of service.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, we too welcome the introduction of this bill and, despite some shortcomings to which I shall refer in a few moments, let me say at the outset that speaking generally we regard this bill and its provisions as satisfactory.

As I said at the resolution stage, we are glad that the bill has been drafted in such a way as to widen greatly the extent of coverage provided by the act. We are glad that the name of the statute has been changed, to indicate that it does go beyond what are sometimes referred to as civil servants, and includes provisions for more than those—indeed, for those employed in the public service generally.

We are pleased with the way the minister puts it, when he says that pensions under this legislation will now be a matter of right rather than of grace. In point of fact, there may not be a great deal of difference in the actual awarding of individual pensions. But certainly the terminology and the idea behind that approach is all to the good.

We feel that the introduction of the legislation at this time is an indication of the growth of the idea that all those who render service to their day and age are entitled to the reward of a dignified and decent retirement allowance, when their years of service are over.

I have no intention of going beyond the bounds of the legislation before us; but I do think it is permissible for me to say that we welcome the legislation, not only because of the rights that it extends to public servants, but we welcome it as a part of a growing body of legislation that provides security for all our older people. We hope that that body of legislation will continue to grow, until we have adequate security for all. We will continue our efforts in that connection.

I said the other day, and I repeat now, that while we are glad to see the so-called temporary employees being brought under the act to the tune of including some 60,000, we feel that there are groups of prevailing-rate employees who have not yet been given the benefit of this legislation, and who should be included. I realize of course that further legislation to extend the benefits of this act to other prevailing-rate employees is not necessary. All that is necessary to take in further prevailing-rate employees is for the governor in council to designate such other groups as coming under the provisions of this legislation. I hope that it will not be long before some of these groups of prevailing-rate employees, and other groups such as employees of this House of Commons, who are now left out will be brought in and designated as coming under the provisions of the act by means of a regulation passed by

the governor in council. As a matter of fact we all felt when we spoke on this matter the other day that the distinction between prevailing-rate employees and temporary employees is really just one of the basis on which their pay is arrived at, and it is hardly fair to deny pension rights on that basis.

There has been some discussion already by the Minister of Finance (Mr. Abbott) and by the Leader of the Opposition (Mr. Drew) with respect to the question of the period of service on which a retiring public servant's annuity is to be based. If I understood the minister correctly, and if I read the bill correctly, a change has been made, in that from now on the basis will be not the last ten years but the best ten years so far as the employee is concerned.

Mr. Abbott: That is it.

Mr. Knowles: I think perhaps the Leader of the Opposition missed the slight change that is being made on that point.

Mr. Abbott: As my hon. friend knows, sometimes an older man may want to take a somewhat lower paid position. He may have had five or ten years of more highly paid service, and this provision will enable him to base his superannuation on his best ten years.

Mr. Drew: For the purpose of keeping the record clear, I was not unaware of the distinction drawn. I was recognizing that in the ordinary course of events the best years are the last years.

Mr. Abbott: As a rule that is quite right because of the rising pay level.

Mr. Knowles: That is certainly correct. I am glad that the Leader of the Opposition has made that clear.

Mr. Abbott: It was to take care of the exceptional case where a man's best years would not be his last years.

Mr. Knowles: Now we all know what we are talking about and we are all talking about the same thing. We now know that the government has improved the legislation slightly in that it has changed the provision from the last ten years to the best ten years. But we also know that the government has rejected the proposal of the advisory committee that it should be the best eight years. I am sorry that the government did not find it possible to accept that recommendation. I note, for example, that in the new pension plan of the Canadian National Railways the provision there is that the pension is based on the last ten or the last five years of the employee's service, whichever is to the benefit and advantage of the employee. After all, the Canadian National Railways is owned by the government of Canada and there is a case where, true by option but certainly at the option of the employee, a five-year period may be taken as the standard for determining the pension. Because a five-year period is considered in that case, I am sorry that the government has stuck to the ten-year period in this case. It seems to me that the recommendation made by the advisory committee for a period in between ten and five, namely, a period of eight years, was a very responsible one, and I hope that even yet that figure will be given consideration when the bill goes before the committee.

There are still other provisions that the minister has announced today which we think are all to the good. We feel that the provisions he has announced with respect to lump sum payments and the provisions for widows and children, where changes have been made, are all to the good, and I am sure that all who are interested in this measure will welcome them. I think it was also very fitting and timely that the minister should announce today that the pertinent provisions of this measure will be retroactive to December 31, 1952. He made the particular point that any employees who have retired since the first of this year will not lose the benefits which they otherwise would have gained if they had continued in the service up until the time the act is passed, given royal assent and put into force.

As I say, that is a welcome announcement for any who have retired since the first of January but it is tough news for any who retired in November or December of last year. I see that the minister is smiling. I know he will say that it is always the role of the opposition, even when something is good, to suggest that it might have been just a little better. Therefore we are not out of character in that respect, but in suggesting and asking as I do that the retroactive date be put back to an earlier point of time I have good reason for making that request. The minister knows that when the speech from the throne was read in February of 1952 opening the session before this one, it was announced that there would be amendments to the Civil Service Superannuation Act, and we expected that the bill that we now have before us would be introduced during the 1952 session of parliament.

As that session went on and it became apparent that the bill might not be brought in, there were some civil servants who were

fearful lest the government's delay in bringing the bill before parliament might cost them the rights they would have under the legislation. Accordingly, Mr. Speaker, on June 23, 1952, I put this question to the Minister of Finance on the orders of the day, as recorded at page 3547 of *Hansard* for that date:

> May I direct a question to the Minister of Finance? Would it be possible for the minister, before this session ends, to make a statement as to whether or not the amendments to the Civil Service Superannuation Act, which have been put off until the next session, will include a provision making the terms of those amendments retroactive to whatever date would have been the effective date had the bill been brought in at this session, as was indicated in the speech from the throne?

The minister replied as follows:

> It would not be possible to do that, Mr. Speaker.

Then the next line of *Hansard* contains that little word that sometimes appears in *Hansard* in italics, the word "later" in brackets, which means that not right at the moment but a little later in the day, in fact I believe before questions on the orders of the day were concluded, the Minister of Finance thought better of the answer he had given me and stood up and said:

> Perhaps I should supplement the answer I gave the hon. member for Winnipeg North Centre. It is possible that some of the changed provisions of the Civil Service Superannuation Act could be made retroactive, but I think it is unlikely that all of them could be.

As a matter of fact, though neither of us said it in that exchange, I am sure that both of us were thinking of this very problem, the problem of those who would retire before the benefits of the new legislation would become effective. In view of the fact that the government announced in the speech from the throne in February, 1952, that the amendments would be made at the 1952 session, and in view of the undertaking which the minister gave the house in reply to my question on June 23, 1952, I think that the question of the retroactive date should be reconsidered. If the bill had been brought in and passed in the 1952 session I do not know what its effective date would have been, but I am sure it would not have been December 31, 1952. It probably would have been December 31, 1951. At any rate, all the employees of the government who retired between the date that the announcement was made in the speech from the throne in February, 1952, and December 31, 1952, lost out. They get none of the benefits or improvements that are made available to those still in the service or to those whose retirement did not take place until after January 1, 1953.

I press that point on the minister as strongly as I can. I know that it will come up in the committee on banking and commerce to which this bill is to be referred, and it seems to me this is a case where those who will want that retroactive date put back from the point of view of time have everything on their side—that is everything except the minister and I hope they will get him on their side very soon.

I was very glad, Mr. Speaker, to note that the bill makes provision for war service to be counted in terms of pension rights whether that service was in Canada or overseas. As the minister will recall I raised, when we were at the resolution stage, the question of an apparent discrimination against ex-Wrens. It seemed to involve this very matter and I looked into the bill hoping to find something that would cover their point. I take it that the bill covers that problem. The Wrens felt that they did not have equal rights with ex-women members of the army and air force, and the point had relation to a distinction as to overseas service. If the minister has abolished the distinction between overseas service and service in Canada, that will be taken care of.

Mr. Abbott: Yes. The complaint came from a wider field than the Wrens, and quite rightly. There were others who, through no fault of their own, did not serve overseas.

Mr. Knowles: Am I right in saying that the problem has been taken care of?

Mr. Abbott: That is right.

Mr. McIlraith: All members of the armed forces.

Mr. Abbott: Yes.

Mr. Knowles: We are all pleased that it has been fixed. I wish that we could always get this help from the parliamentary assistant to the Minister of Trade and Commerce (Mr. McIlraith), the parliamentary assistant to the Minister of Finance (Mr. Lesage) and the Minister of Finance (Mr. Abbott) himself. Now they are agreeing to help me—

Mr. McIlraith: It is not a matter of their helping you, it is a matter of your helping them.

Mr. Knowles: Fine, and that is why I am prepared to help the hon. members to whom I have referred to get that retroactive date put back to an earlier date on the basis of what I feel were undertakings given in the session of 1952—and I am waiting for their agreement. I hope that their silence will not last.

Mr. Speaker, we also welcome the way in which the act is being changed so as to provide for greater mobility of employment as

between various agencies of the government and the civil service proper; also as between the federal civil service and provincial civil service; and also as between service with the federal government and service with the international agencies and other such bodies. As the Leader of the Opposition said a few minutes ago, this is certainly all to the good and we welcome it. As a matter of fact, Mr. Speaker, I hope that it will not take too long until we establish this principle on an even wider basis than just as between different types of government service. One of the characteristics of our society today, as we build up these pension plans, is that in many cases workers are frozen in a type of employment for fear of losing their pension rights or for fear of taking lesser pension rights than would otherwise be the case. It seems to me that there is definitely room for increasing mobility of employment by arranging for greater transferability between all pension rights—not only between different types of government service but between service with different private employers, and between private and public service. That is an ambitious program to take care of, but one way in which it can be facilitated is for the government, through the same minister we have before us now, to provide the proper kind of income tax deductibility for those pension plans in private industry which are funded in such a way as to provide mobility, or in other words to make it possible for employees to leave one employment for another employment, and yet take with them their pension rights.

In other words, Mr. Speaker, what I am saying is that if this principle is desirable in terms of public service we feel that it is desirable generally. I feel, to the extent that society recognizes the right to dignified retirement in old age, the right to security in old age on the basis of service rendered, and makes sure that it is a reasonable amount, to that extent society is making progress.

I am also glad that the minister has announced the provision which seems to have the effect of re-opening to those who have lost it the right to elect to cover past service. He has put certain strings upon that right which I think are a bit severe and I hope that they will be considered in committee—but at any rate it is a move in the right direction. I take it from what the minister says that not only will it be possible from here on for persons to elect to cover past service, even after a year has elapsed, under the conditions that are spelled out in the act, but it will also be possible for persons who have already exceeded the year in respect of the past now to have a chance to elect to cover that service. I see the minister nodding—

Mr. Abbott: I think that's right—on the basis I have outlined.

Mr. Knowles: On the basis which the minister has indicated.

Mr. Fraser: It is only fair.

Mr. Knowles: I hear the hon. member for Peterborough West (Mr. Fraser) say that it is only fair. Yes, it is only fair that they should have the right to reconsider. As the minister said when he was discussing this matter, conditions have changed in many cases. Civil servants who did not elect in the year given to them have now realized that they should have so elected. Conditions have changed to make it more necessary or conditions have changed to make it more possible for them to elect to cover past service. I think that there is no question but that the re-opening of that right to elect is all to the good.

Mr. Abbott: There are certain conditions.

Mr. Knowles: The minister interrupts to remind me of what I was aware, namely that there are certain conditions attached to that election after a year has elapsed. We have no objection to the idea of the medical examination and no objection to there being a penalty; but when the minister says that contributions in such cases for prior service must be on the basis of one's present rate of pay, it seems that he is imposing a pretty heavy penalty. A person who is now seeking to elect to cover service we will say in years prior to the war, who was in the service then and is in the service now, will find himself confronted with a pretty heavy bill. In fact, it amounts to paying 12 per cent on his current income if that basis is to obtain. I also raise the question of whether it is fair to say that not only must he pay for back service on the basis of today's pay, but that he must also pay on the basis of today's rate, which is 6 per cent, even though the rate might have been lower during the former period. Again, that is a detail that can be threshed out in committee. As I say, I think the idea of re-opening the right to elect is all to the good and I am sure that was what the hon. member for Peterborough West meant when he agreed with me. He was not agreeing to restrict the formula.

Mr. Fraser: I was agreeing with you.

Mr. Knowles: I hope this can be gone into more fully by the committee.

There are one or two things which the minister seems to have forgotten. Well, he

has not forgotten them, but he has overlooked them and I regret to say that I feel that it has been deliberate on his part with respect to this bill. He heard the discussion the other day, when we were at the resolution stage, with respect to the employees in the old soldiers' civil re-establishment department who have not yet been given the right to transfer to part II of the Civil Service Superannuation Act. The minister will recall the discussion because just about every member who took part in the debate urged that a change be made. In response to that urging he made a rather lengthy statement which, of course, left the door open for further consideration; but it indicated that the minister did not feel that this change should be made at this time. Frankly, as I listened to his argument and tried to analyse it, it seemed to me that it was this in the main. To make this change in favour of these employees who are still in the service would be, so he said, to give them a right which many who have long since passed out of the service or passed on did not get. It seems to me, Mr. Speaker, it is not a very good argument to say that because some others did not get something that was their right, those who are left behind should not have that right either. He might argue that it was not a right, but common sense does seem to suggest that those employees should have been given this right long ago. The mere fact that those who are not now in the service or those who have since died did not get it is, I suggest, no reason why it should not be extended to the few hundred who are still here and who have been discriminated against in this way. I have no doubt that if the committee will hear delegations on various points, there will be a delegation with respect to this matter. I trust that the committee will give it very earnest and sympathetic consideration.

I think we all approve of the suggestion made by the minister this morning with regard to the elimination of the obligation that public servants generally should retire at 65. Generally speaking, I think there is merit in his suggestion that pension rights, from that point on, would be frozen. I wonder, however, about the case—there will be some like it, I imagine—of a person who, at the age of 65, has not yet obtained many years of pensionable service? Will such persons be denied the right, if they are kept on in employment, to build up their years of service for pension purposes? The act places a limit of 35 years on pensionable service, and that seems to be a reasonable proposition. In other words, the top possible pension is 35/50ths of one's average salary for his best ten years or 70 per cent of that average salary. Since you already have that ceiling, why impose another ceiling on people who may have come into the public service late in life? There may be angles to that which can be gone into, but I hope it will be considered.

I have just one other observation to make, Mr. Speaker, with respect to this bill. I think after all the fine things I have said about it the minister will not be surprised if my next comment is one of very severe condemnation. My guess is that he knows what is coming. I condemn the government very strongly for failing to include in this bill a provision for an increase in the pension of those already retired, particularly those in the lower brackets. The minister knows from repeated comments on this matter on the floor of the house, and repeated representations from those affected, how serious is the plight of those people. The figures are on *Hansard*. I have seen to it that they have been put on every year for a long time, but in this session they are shown at page 510 of *Hansard* for December 10, 1952. I shall not read them in detail, but I shall indicate that these figures show that out of 10,572 retired civil servants, 1,468 are on a pension of less than $60 a month. In fact, 312 are on a pension of less than $20 per month. The figures for widows of civil servants, who number 5,123, show that more than half, 2,766, are on a pension of less than $40 a month, and 942 are on a pension of less than $20 per month.

Mr. Abbott: But some of those are people with very short service. Perhaps they acquired a pension somewhere else before they went into the public service.

Mr. Knowles: There is always an explanation from the minister, either short service or they were employed in the days when Bennett was reducing salaries, but the point is that these pensions are too small to enable people to live on them. The minister tries to tell us every time this matter comes up that you cannot indulge in retroactive legislation of this kind. However, at least two provinces, Newfoundland and Saskatchewan, have made some legislative provision for people who have retired on small pensions. The minister knows that on two or three occasions when the United Kingdom had legislation like this, they provided for an increase in the pensions of those already retired. Similarly, in the United States in 1948, an act of congress was passed which increased the pension of retired employees by 25 per cent or by $300 per year, whichever was the lesser figure.

Then, in 1952 a further increase was granted by another act of congress. The result of these two pieces of legislation works out, for example, that a superannuitant who was receiving $1,000 per year was increased in 1948 to $1,250, and in 1952 to $1,565.50. This example, of course, is in a little higher bracket than is the case of the figures for Canada I gave a few minutes ago, but the principle involving a percentage increase is there, and that would be of at least some assistance to those in the lower brackets. For their sakes, however, I believe a better formula is possible. I submit, Mr. Speaker, that the continued reluctance on the part of the government to deal with this matter is most reprehensible, and it is a source of bitter disappointment that when an otherwise good job—I say that without qualification despite the few points upon which I have criticized the bill—is being done, these people are left out in the cold.

On January 12 of this year, I asked one of my frequently recurring questions on this point, and it appears at page 891 of *Hansard* for that date, in the following form:

> Has the government given consideration to the provision of a cost-of-living bonus or other increase in the pensions of federal civil servants already retired? If so, what is the result of such consideration?

The reply is as follows:

> Mr. Lesage: The government's policy in connection with the granting of a cost-of-living bonus to superannuated civil servants has been stated many times in the House of Commons and in answers to questions. A complete statement was given by the Minister of Finance on January 28, 1949 (see *Hansard* for that date, page 42).

I have looked back at that answer a good many times, of course, and all it says is no. What I think is most annoying to the people who are affected is that, for a few years, there seemed to be a growing willingness to consider the matter. Since that statement appeared on *Hansard* for January 28, 1949—it had been issued publicly a few days before—there has been no apparent reconsideration of this whole problem. This is the case despite the fact that I have before me letters from officials of organizations of retired civil servants in various parts of the country who get a certain amount of encouragement out of letters they receive from the minister, from other ministers and from members on the government side of the house, telling them that the matter will be considered.

As a matter of fact, on January 28 of this year the Minister of Finance (Mr. Abbott) apparently wrote to Mr. J. O. Belanger, the provincial secretary of this organization in Quebec city, assuring him that his representations would be considered when the superannuation act was under review. Well, it has certainly been under review because we have Bill No. 334 before us, a bill of some 43 pages. It seems to cover, satisfactorily or otherwise, all the points one might think of except the plight of these retired civil servants. Mr. Belanger tells me also that 12 other ministers have given his association the assurance that they will honour them with their best consideration on this matter. He tells me that 22 other members of parliament from Quebec have given an assurance in writing that they will give consideration to the matter. These people who write these letters are very cautious. They do not promise that something will be done, but they promise that consideration will be given.

Mr. Abbott: The hon. member has probably written letters of that kind.

Mr. Knowles: The difference between the kind of consideration I give and the kind of consideration the minister might give is—

Mr. Abbott: The hon. member has no responsibility.

Mr. Knowles: —that having promised to fight through on a matter like this, I recognize my responsibility to keep up that fight; and the minister knows I am doing it.

Mr. Abbott: Yes.

Mr. Knowles: I suggest that the minister, his colleagues in the cabinet and all the members of parliament from the province of Quebec who promised this particular organization that they would give this matter consideration, have a greater obligation than just to sign their names to these letters and let it go at that. I feel strongly that this matter should be gone into by this committee. I hope the government will not give the committee the notion that the door is closed.

I picked up the correspondence that I have from the gentleman to whom I have referred in the city of Quebec because it comes from the same province as does the Minister of Finance (Mr. Abbott); but I have correspondence as well from my own province of Manitoba and I have a good deal from the province of British Columbia. In both of those provinces the people affected have been discouraged by the long delay but nevertheless they get some encouragement from these letters they get from all sides of the house promising that their plight will be given consideration. In the meantime some of these people have been on these low pensions for years. Time has gone on. The cost of living has gone up. Their plight has become worse. I suggest that the absence of any reference

to this problem is a black mark on an otherwise good piece of legislation which the minister has brought before us at this time.

To come back to what I said at the beginning, we welcome this legislation. We welcome it because of what it does for civil servants in the light of what are their rights and we welcome it as part of the general attack on the problem of providing security in retiring years for those who have served their day and age. We are glad to see the improvements. There are changes in the act which perhaps should be made by the committee, but its main shortcoming is that it overlooks completely the problem of the retired civil servants, particularly those in the lower pension brackets whose plight I have drawn to the attention of the house once again.

Mr. Solon E. Low (Peace River): Mr. Speaker, I should like to take just a few moments to say what I think about the bill that is now before the house. My first words should be ones of commendation of the minister for bringing in this new bill to replace the old superannuation act and for the comprehensive changes for the good that have been incorporated into the bill.

When one is considering an act of this kind, it seems to me that it has to be considered against a certain well-defined background. In this case I think we ought to keep in mind that the background is this. As the minister has stated, the people of Canada are the ultimate employers of the civil servants, and the taxpayers of Canada therefore must be considered in every move that is made to improve the lot of the retired civil servants. They have a claim to consideration just as well, of course, as have the civil servants. If we are not careful, it is easy for us to weight our consideration on the side of one or the other, and I think that procedure would be unfair.

Another consideration the minister always has to keep in his mind is this. He has a fund to administer and he must keep that fund actuarially sound without having to come back to the House of Commons every now and again and ask for large contributions to make it actuarially sound when it has got out of balance. Against that background, Mr. Speaker, it looks to me as though some of the arguments that have already been advanced might be weighted slightly in favour of the civil servants and against both the minister and the taxpayers of Canada.

I hasten to say that with practically everything that my friend the hon. member for Winnipeg North Centre (Mr. Knowles) has said I can quite agree. For instance, there is the question of retroactivity which is an important consideration. I can well imagine that the minister is up against the necessity of drawing a line somewhere, and if he did not draw it at December 31, 1952, he would have to draw it somewhere else. No matter where he put the line, Mr. Speaker, I am sure that some of us would have a criticism that he did not put it farther back. Somebody is going to find himself aggrieved under any circumstances. There will be at least some who consider that they have been discriminated against. While I am quite prepared to go along with my friend the hon. member for Winnipeg North Centre in his claim that there might have been a certain undertaking that would justify setting the date at December—

An hon. Member: Last session.

Mr. Low: —or back into the last session, anyway, on the other hand I can understand fairly well what the minister has been up against.

I want to commend the minister. He does not often get too much commendation. I think he has done a good job on this act. He has certainly incorporated into it a good many principles with which I find myself in agreement. I am not going over all of them; I am not going to name them all. However, I want to say just a word or two about some of them.

In the first place I want to mention something that has not been said thus far in the debate. I was glad to see that the new act is not so rigid with respect to compulsory retirement age. I hope that this is a forerunner or an indication of a general loosening up all the way along the line with respect to these rigid retirement dates. As a matter of fact, I think we have carried compulsory retirement too far not only in government but in industry throughout the whole country. I think we have been just a little bit foolish about it, but I am not going into the reasons why I think so. It is, however, a fact that there are in Canada a great many people, who have been retired just because they have reached the age of 65, of whose skill and abilities we ought to have availed ourselves for a good many years yet. There is no reason in the world why we should condemn them to retire before they are ready to retire physically, mentally and perhaps otherwise. There ought to be some election in the matter on the part of the person who is to be retired, if his health makes it possible for him to continue in that kind of active employment.

I therefore just express the hope that what the minister has included in this act is an indication that there will be a loosening up all the way along the line and that a little bit more attention will be paid to the right

of the civil servant to elect whether he shall retire when he comes to the age of 65 or whether he shall continue in employment.

I should like to say just a word with respect to the retired civil servants, those for whom my friend the hon. member for Winnipeg North Centre made such an eloquent appeal. He has made that appeal on numerous occasions, and I honour him for it. This is a group to whom further consideration must be given. I certainly am not convinced that the minister could give it under this act. In fact, the more I study the case, the more I am convinced that this is not the act under which it should be done. However, that consideration does not excuse the government for not bringing in something that would help those retired civil servants. I am not going to go into the matter at too great length, but, Mr. Speaker, by policies which we have laid down and slavishly followed we have actually condemned to spending the remaining portion of their lifetime in perpetual poverty a great many Canadian people who gave of their best while they are employed as civil servants. I do not believe that is the right thing. I am sure the minister would not want to do that. We simply cannot go on slavishly following policies that will condemn people to poverty.

Many of these people were not able to work after they were retired. Many of them have not been able to find any gainful employment since that time. Remember that the government is responsible in large measure, because of the policies it followed, for the decline in the purchasing value of the dollars that these poor people have been given. Since that responsibility must rest on the government, then I say that the government is obligated to do something for these people. I am not saying in this act, but certainly in some other act they can bring in.

Let me impress upon the government this important point. They must know that this country is capable of producing sufficient goods and services to enable these old, retired civil servants, who are on a miserable pittance, to have a decent living. There is no doubt about that. What we have to do is to set our minds to the task of finding a way of getting these goods into the hands of the people who can use them to bring up their standard of living, so that we can at least hold our heads up and not have to go about hanging them in shame.

I say to the minister, we are prepared to help him find that way. I know as long as he follows the present financial policy it will be virtually impossible for him to find a way to help these retired civil servants whose purchasing power today is only half what it was in 1939. I say it is time we were looking for another act, and we should bring in a piece of legislation that would make it possible for us to get the goods we can produce into the hands of our own citizens who can use them. There is no sense in condemning them to a lifetime of poverty just because we have not yet had sense enough to discover and put into effect at least a decent policy.

But let me say this: I must congratulate the minister on all these fine changes that have already been mentioned—I do not intend to take up the time to go over them again in this house—which are contained in the bill. The introduction of this bill does mark a real step forward in our consideration for Canada's employees. It is certainly far beyond anything we have had in the past, and the minister certainly deserves commendation for it.

When the bill goes before the banking and commerce committee I hope it will be possible for the members of that committee to hear representation from the employees of the old soldiers' civil re-establishment department. Their case is a good one, and I appeal to the minister on this ground. It has already been said that there are only a comparatively few of these old employees. I do not think that anybody at any time in this country would criticize the minister for listening to these people and granting them some relief under this legislation. When that committee meets I for one would certainly be prepared to hear the representation from these people and see if it would not be possible to incorporate into the bill something that would help them out.

Mr. W. J. Browne (St. John's West): I should like to make a few remarks on this bill. I regret that time has not permitted a proper study of it, but it is going to a committee quite competent to study its provisions. I have no complaint to make on that except that there is a special section which deals with civil servants of Newfoundland. They have been given no opportunity up to the present time of making any representations. However, I hope they will have time before the bill is dealt with in committee.

Everybody has noticed some outstanding improvements in this bill over the present law. One of course is that it gives to civil servants a pension as a matter of right instead of as a matter of grace. The other is that it makes for 60,000 temporary employees a new status which entitles them to a pension.

I should like to say that the clause which bases the pension on the ten best successive years does not impress me very much. I do

not believe this is important to very many civil servants, but I should like to draw attention to the provision, in the English law and the law in Newfoundland before the union in 1949, which gave to civil servants in England the last three years, which in 99 per cent of the cases are the best three years. We had that same provision in the law in Newfoundland.

I should also like to pay tribute to the commission of government in Newfoundland before 1949 on drafting the civil service act and the regulations that were to be made under it. They furnished us with a copy of their draft and the regulations. They gave the civil service association an opportunity to study all the various provisions, and then they sat down with us and we debated the changes which we required.

It seems to me that that ten years is a very long period, and a man's salary may change considerably from the beginning of that period to the end. Therefore it may reduce his pension very considerably. Even though an advisory committee has recommended eight years, I think that is too high. I look at the estimates every year and I see the salaries going up. I can see that there is going to be a very marked difference between the beginning of the ten-year period and the eight, and therefore I condemn it. I do not think it is a just method for calculating the pension.

Before I sit down I should like to say another thing with reference to a remark made by the hon. member for Winnipeg North Centre (Mr. Knowles) about when this pension scheme should begin. He pointed out that it was mentioned in the speech from the throne last year and again this year and that January 1 seems to be a very near period to begin the pension system. Since this was mentioned in the speech from the throne in 1952 it seems to me that it would only be fair that it should go back to some time in 1952. I am sure that in the standing committee on banking and commerce that and other matters will receive the consideration they deserve.

I agree with the last speaker that the minister deserves a meed of praise for having brought in these improvements. I suppose we cannot expect all the improvements to take place at one time. I hope they will continue to occur just the same.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, when the minister closes the debate I hope he will make it clear that the standing committee on banking and commerce will be free to make whatever recommendations it sees fit without undue weight being brought to bear on the decisions by the government. We all know that the committees of the house are made up in approximately the same proportion as to members of each party as the house itself, and that the government, by reason of such plan, has a very firm hold on the actions of each committee. I do suggest that this is a case in which the committee should be given freedom to bring in its own decisions without taking into consideration government policy.

One reason I say that is that it would be very valuable if this committee were to remember what happened a year ago. At that time it was considering a bill to provide pensions for members of parliament. And while there are greatly improved pension plans in effect across Canada, I do not believe there is any plan more beneficial than the plan brought in for the members of the house. Here is an opportunity during this session to see that the pension plan of the civil servants of Canada, who after all carry the bulk of the responsibility for the administration of this country, is made equally modern and equally beneficial as the plan brought in for the members themselves.

I would hope that the minister, in addition to giving the committee freedom to express its opinions, would urge upon the chairman of the committee that arrangements be made to hear evidence from those branches of the service which are not satisfied with this measure. First of all, I believe it should be possible to have representations concerning the number of years upon which a pension is to be based. I believe that ten years is too long, in the light of changing conditions in the world today. In the last few years we have seen how the cost of living has gone up, and it is likely that there may be changes in the years ahead.

I believe the period should certainly be cut from ten years to eight years, as recommended by the advisory committee. In any event, representations should be heard on the point, because it is one of the key points in the measure.

Then there has been unanimous support from those in all parts of the house who have spoken on behalf of the claim put forward by those veterans of Canada who happened to be serving under what was formerly called the department of soldiers' civil re-establishment, after the first war. I was disappointed by the answer the minister made to my question during the debate on April 10. He seemed to think that these men did not have any better claim than several other groups. I doubt very much whether that is so.

In any event it is significant, as the minister is reported to have said at page 3736 of *Hansard*, that their own department went to the length of collecting these deductions from the veterans and forwarding them to the superannuation branch of the Department of

Finance for a period of three years, believing that these men were entitled to this additional protection. The minister said:

> The department, however, hoped until 1927 to have the position altered, and on its own deducted amounts equivalent to the contributions which those of its employees who might have become permanent would have made to the superannuation account.

That was a very unusual course for one branch of government to follow in its dealings with another. And that particular action, in itself, is an indication of the strength of the claim these men have to be put on a five-year rather than a ten-year basis.

Another point in that connection is that the minister argued that because there was a provision for the cases in which there was what he called an abolition of office allowance, because there was that provision these men therefore should not now be entitled to have a change in the number of years, when calculating pension. But I would point out now that the only ones who would benefit by a change at this time would be those who are still in the services. His argument about the abolition of office allowance does not apply.

Finally I should like to endorse the remarks of the hon. member for Winnipeg North Centre (Mr. Knowles) with regard to retired civil servants. For a good many years he has been raising this point, and I believe I have supported him on each occasion. I do hope the committee will be asked to make a recommendation on this point. It is true that there is no provision in the bill for these retired civil servants. However, this question is of sufficient importance to warrant consideration and recommendation by the committee.

One of them wrote to me a few weeks ago, and put it clearly when he said that those who in the past served Canada had a very clear understanding that they would receive a stated percentage of their pay when they retired, which would be sufficient for them to maintain approximately the same standard of living they had reached when they retired.

That statement is true and yet, because of the increase in the cost of living, they are not receiving the treatment to which he referred. Something should be done about it at the present time. The United Kingdom, with all her troubles, has been able to provide for an increase in the pensions of her retired civil servants. I believe Canada has been remiss in failing to make a similar provision.

In conclusion I do urge again that the minister give the committee free rein to go into the merits and demerits of these proposals, so that it will not act merely as a group to run through the bill section by section, and then bring it back to the house in a day or two with all sections approved, and no close or detailed work having been done in the matter. That often happens in committees, and I hope it will not happen this time.

Mr. Knight: I can say all I have to say in a few moments; and—

Mr. Abbott: Before the hon. member begins, I wonder if I might crave the indulgence of the house to sit a minute or two after one o'clock. I have an important appointment at three o'clock with some visitors from abroad, and I would hope that we might complete the debate.

Mr. R. R. Knight (Saskatoon): Mr. Speaker, in view of what the minister has said, perhaps we could take a minute each. I do not wish to repeat what my colleague has said, but would voice my support of what has been said concerning retired civil servants. I have received letters from these people regularly.

Let me say once again that, in terms of purchasing power, pensions have been cut by a half. Sometimes hon. members are accused of raising these points for political reasons. I can assure the house that no such accusation can be made at this time, because in my own province of Saskatchewan only 243 of these people are still living, and there are 102 widows of those who have died. A fraction of that number will, of course, be located in Saskatoon.

This, after all, is the government for which those people have worked. This is the government whose policies are at least partly responsible for the fact that their scanty dollars are now reduced to only 50 cents. In the case of the ordinary workers, the government would advance the argument that wages and salaries have advanced in proportion to the cost of living; but no such argument can be made in this instance.

I should like to add my plea to others that have been made on behalf of these people in order to bring about what I think is only common justice.

Mr. Abbott: Mr. Speaker I shall take only a moment to say—

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

Mr. G. F. Higgins (St. John's East): Mr. Speaker, I shall take only a moment to draw the minister's attention to section 39 of the terms of union, and to say that members from Newfoundland on both sides of the house have been receiving a considerable number of letters with respect to that section of the terms of union, as it applies to section 21 in the bill. I would ask the minister to keep

that point in mind, and to refer to a return to the house tabled in November of 1949, as well as correspondence with the Secretary of State (Mr. Bradley) and the Minister of Transport (Mr. Chevrier).

Mr. Speaker: I would repeat that when the minister speaks he will close the debate.

Hon. Douglas Abbott (Minister of Finance): Mr. Speaker, I shall take only a moment, because I propose to deal with only one point that has been raised.

First, however, may I thank all hon. members who have taken part in what I think has been a helpful discussion this morning. As the Leader of the Opposition (Mr. Drew) said, and quite properly, this is not a question on which we have party differences. It is the responsibility of parliament to see that the superannuation provisions for public employees are as fair and as just as possible, in the light of our responsibility to the other parties to the contract—that is, to the public and the taxpayers of Canada.

I do most sincerely thank hon. members who have referred in generous terms to the real improvements which are contained in the bill. I only want to touch on one point, the suggestion that the average number of years should be either eight or five instead of ten. I want to make it perfectly clear that the reason why the government felt it could not accede to this request is that we concluded that we could not defend to the people of Canada substantial improvements in the superannuation benefits which would further increase the already substantial actuarial deficit in the fund. It would be quite in order to make the period of time five years or eight years if we were prepared to increase the rate of contribution.

I pointed out in my statement this morning that improved benefits could be granted if the rate of contribution were increased. My information is that the great majority of civil servants are not in favour of increasing the rate of contribution from 6 per cent in the case of men and 5 per cent in the case of women to a higher figure. As I indicated in my statement this morning, after we have seen the operation of the act for another two or three years, have seen how these additional benefits work out and have seen whether or not the actuarial deficit of $189 million as it now stands is further increased, it may then be possible to make some further improvements in the benefits. But I think it is fair to say that the civil service superannuation plan is as good as any other plan, whether by government or by private industry, and very much better than most. I conclude by thanking some other hon. members who I know had some intention of speaking on this matter but who have refrained from doing so.

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

Mr. Speaker: Order. I think we might call the next order of business.

Mr. Fournier (Hull): We shall go into supply and continue consideration of the estimates of national defence.

SUPPLY

The house in committee of supply, Mr. Carter in the chair.

DEPARTMENT OF NATIONAL DEFENCE

Defence services—

241. To provide for the Canadian forces, the defence research board and other expenditures relating to defence, including contributions toward the military costs of the North Atlantic Treaty Organization; to authorize expenditures in the current year out of the amount hereby provided, not exceeding $324,000,000, under the provisions of section 3 of the Defence Appropriation Act, 1950, and to provide that, notwithstanding subsection 3 of that section, where equipment or supplies acquired by the Canadian forces after March 31, 1950, are transferred, the estimated present value thereof shall, if the governor in council so directs, be credited to this vote instead of being paid into the special account mentioned in the said subsection 3, and when so credited may be expended for the purposes of the Canadian forces; and notwithstanding section 30 of the Financial Administration Act to authorize total commitments for the foregoing purposes of $3,994,895,578 regardless of the year in which such commitments will come in course of payment (of which it is estimated that $1,971,926,275 will come due for payment in future years), $1,960,159,633.

At one o'clock the committee took recess.

The committee resumed at 2.30 p.m.

Mr. Higgins: Mr. Chairman, last evening when I attempted to deal as briefly as I could with this matter the minister was suggesting that I was more or less killing time. Actually, I was not killing time; I was trying to get out of the fog which the minister's statement plus the white paper plus the statement of the chief of the naval staff had put me in. I assume that the chief of the naval staff would not have written such an authoritative article unless he had the approval of the minister or unless the minister had told him to write it. After all, we had the acknowledgment by the minister during this week of the approval of another communication which was quite important, and I refer to the letter written

by his deputy minister to *Saturday Night*. So, I assumed that the chief of the naval staff, in writing this article for the March issue of *Canadian Shipping and Marine Engineering News*, had the authorization of the minister. In the same issue was an article containing a picture, a very fine picture of the minister, and an article written by him as well.

With that as a preamble I want to draw the attention of the committee to some discrepancies. I began to do so last night at the time the minister was saying that I was actually killing time, and I will try to do it as briefly as possible. In the white paper at paragraph 130 this statement appears:

> Of the fourteen minesweepers now under construction, six have been launched, with the remainder to be launched during 1953.

In the statement or in the article by the chief of the naval staff there is this citation:

> Coastal minesweepers, wooden, . . . 14, all under construction, eight have been launched.

At page 3920 of *Hansard* the minister says:

> All fourteen of the coastal minesweepers have been launched . . .

Now there does appear to be a very great difference to say the least in those figures. The minister's white paper claims that six have been launched; the chief of the naval staff says that eight have been launched; and the minister corrects himself and says that all fourteen have been launched. Obviously somebody is launching ships the minister did not know about until yesterday. I would like him to comment on that.

In paragraph 129 of the white paper we have this sentence:

> A total of 52 new vessels are on order, including escort vessels, minesweepers, harbour craft, inner patrol vessels, clearing diving vessels, tugs, crane lighters, a northern patrol craft and auxiliary vessels.

In other words all the types of ships that are being built for the navy are enumerated in that section, and they total 52. In the article by the chief of the naval staff the figures are given under the same descriptions as appear in the minister's white paper, and they total 110. Now, again, somebody is fooling somebody but I do not know who it is. In paragraph 130 again, and I think I mentioned this last night, we have the statement:

> Two escort vessels have now been launched and nine keels have been laid.

In the article by the vice-admiral, there appears this statement:

> Anti-submarine escort vessels, 14—(nine under construction, three of them launched; . . .

That is just one more ship than is shown in the minister's white paper. This article

was published or at least put on sale on March 1 in *Canadian Shipping and Marine Engineering News*. Obviously it had to be compiled before that date and I understand that the usual time for compiling these articles for printing on the first of March would be not less than two or three weeks before publication. The minister tabled his white paper only the other day and he says the material was brought up to date. His last answer last evening, as it appears at page 3939 of *Hansard*, is:

> The date in the white paper for ships and such matters is up to February 28 . . .

Obviously, whoever compiled this white paper for the minister must not have been aware of a ship being launched. After all, one of these anti-submarine escort ships is not by any means a small ship. I believe that the ship in question was H.M.C.S. *Fraser* launched at the Burrard docks. It would appear to be a little peculiar to say the least to say that such a ship could be launched within a matter of three or four days and the minister not know about it. As I say, the white paper was prepared on February 28 and this ship was launched some considerable time before that, because it appears in the article written by the chief of the naval staff.

The wording of paragraph 130 is a little gobbledygook to me. We are talking about 14 escort vessels and this is the way the 14 are made up, and I am reading from paragraph 130 of the white paper:

> Two escort vessels have now been launched and nine keels have been laid.

I presume that adds up to eleven.

> Five more will be launched and the remaining five keels will be laid down this year.

I presume that five and five are ten, and that ten and eleven are twenty-one—yet there are only fourteen altogether. Somebody has got to do a little correction in addition or else there are more ships being produced than the minister knows about—or maybe he is producing more ships than the chief of the naval staff knows about.

I think my next point was drawn to the attention of the minister last night by the hon. member for Nanaimo but I want to draw it to his attention as another discrepancy in his statement. In the article written or, I presume, ghost-written for the minister, entitled "The Navy's Progress" in *Canadian Shipping and Marine Engineering News*, this statement appears at page 93:

> A prototype of Canada's new anti-submarine escort ships, the former destroyer H.M.C.S. *Algonquin*, was commissioned in February, and the job of converting another destroyer, H.M.C.S. *Crescent*, into a similar deadly foe of the submarine, was taken in hand.

I just draw your attention to this wording:

A prototype of Canada's new anti-submarine escort ships, the former destroyer H.M.C.S. *Algonquin*—

At page 3920 of *Hansard* for April 15, 1953, there appears a statement by the minister to this effect:

The *Algonquin* is not the prototype of the new anti-submarine escort vessel.

Well, what is it? In one breath the minister says one thing, and in the next he denies it. What are we to believe, then, about this white paper? I have only referred to the one section dealing with the navy, but when we find such grave discrepancies in that, how are we to regard the rest of the contents of the particular white paper? Now that is all I had hoped to bring out last night when the minister said I was killing time.

I want to draw to the minister's attention again an article in the Montreal *Gazette* which was quoted last night by the hon. member for Kootenay West, which referred to statements made by the chief of the naval staff in a press conference in Ottawa. The article is dated Ottawa, December 17, and reads in part as follows:

The admiral, who this month took over command of the R.C.N. and who two years ago wrote the "Mainguy report" on the navy's internal problems, said at a conference in the parliamentary press gallery that he, as chief of the naval staff, is "against" any R.C.N. activity or development which does not have to do with anti-submarine work or the defence of harbours.

I believe that statement, or practically all of it, was quoted last night by the hon. member for Kootenay West. I am repeating it, Mr. Chairman, because I think it is very important. It strikes us in Newfoundland very forcibly. It must be recalled that during the last war we had enemy submarine activity brought right to our doors. In my own riding of St. John's East, at Bell island, the wharf of which has been discussed with the Minister of Public Works on several occasions—I sent him a picture of the wharf at Portugal Cove the other day, and I believe he perused it with great benefit to himself—there were three ships loading ore which were sunk by submarine torpedoes. We had submarine torpedoes discharged against the harbour of St. John's, which struck the rocks on each side of the harbour. We had the *Caribou*, which ran between North Sydney and Port aux Basques, sunk with a great loss of life. We had a lot of enemy submarine activity. So, Mr. Chairman, I think it is only right that this particular part of the defence of Canada be given the consideration which the chief of the naval staff says it deserves. I am sure my friends from the west coast of Canada will feel the same as we from Newfoundland feel about it, that too much stress cannot be laid upon the part the submarine will play in any war that may come in the future.

As the chief of the naval staff said in this article which was quoted last night, Russia now has as many submarines as Germany had at the zenith of the last war, and she is building them even faster than Germany did. With this very real menace, then, I think Canada has to face up to the fact that the only way you can fight a submarine—I am merely quoting what I have heard those very much more competent than I say—is with planes and surface craft. The most forward eastern base in Canada is in Newfoundland. We do have United States forces in strength there, and I presume they will continue to increase if war appears imminent. It is not quite fair, however, to leave the defence of Canada to the United States, no matter how willing or able she might be to undertake it.

In that connection, we have a very fine airport at Gander, Newfoundland, which has been operating, as you all know, for many years. It was of great help during the last war in the patrolling of the seas in and about Newfoundland, and assisting in convoy work. The airport at Torbay was also of very great assistance, as was the airport operated by the United States navy at Argentia. At the present time there is no land communication between those three important airports, that is between the United States base at Pepperrell, which uses Torbay airport, the United States base at Argentia, and Gander airport, except the narrow gauge railroad operated by the Canadian National. There is no road connection of any kind. I understand the western provinces are now planning to make representations to the cabinet concerning the necessity for the construction of an all-weather defence road for the west coast. In my opinion the construction of a proper broad highway for defence purposes in Newfoundland is really of even greater importance. I suggest to the minister that he take into account the urgent necessity for communication between Gander airport, Torbay airport and the United States base at Argentia. I believe the matter has been discussed—I do not know whether or not it has been discussed at high levels—and the ranking officers of both forces, off the record, have said that they are in favour of the construction of such a road. The road is of equal importance to the United States and to Canada.

I believe that, given the proper approach, such a road could be constructed on a fifty-fifty basis between the United States and Canada. At the present time the United States forces have constructed or rather

have materially widened a road to their base at Argentia known as Salmonier road. They have put a lot of money into the rebuilding of that road, and the maintenance of it. I feel that, in so far as the defence of Canada is concerned, the convoy routes of the future are the great weakness of our defence on this side of the Atlantic. We have to depend upon surface vessels to supply our allies on the other side of the world in time of war, and they would have to cross that dangerous body of water, the north Atlantic. I urge upon the minister that consideration be given to the construction of such a road.

As the minister knows, the United States navy maintains quite a large and extensive base at Argentia. There is a very narrow neck of land between the bays known as Placentia bay and Trinity bay. If it were possible that a canal could be cut across the neck of land at present known as La Manche it would enable United States vessels to go from Placentia bay into Trinity bay. If war came it would be of great assistance with respect to the time saved. At the present time you have to steam from Placentia bay all the way around past St. John's and past Conception bay to get into that area. I think it would be well worth while to investigate the digging of a canal. Then of course the peninsula of Avalon would become an island. It might be quite expensive to carry out such a project but I think it is well worth while investigating.

The last matter to which I desire to refer is this. I do not wish to delay the committee unduly but I wish to draw to the minister's attention, and to get his views on, the question of an armoury at St. John's for the reserve units. As the minister knows, term 44 of the terms of union between Newfoundland and Canada says this:

> Canada will provide for the maintenance in the province of Newfoundland of appropriate reserve units of the Canadian defence forces, which will include the Newfoundland regiment.

I am quite certain that the minister will appreciate the fact that the word "maintenance" obviously means the providing of an armoury for a unit such as the Newfoundland regiment. There is no other way that we can get around that word. "Maintenance" definitely means what it says. After all, if you guarantee to provide for the maintenance of any person, it means that you must provide a house or some other building in which such person would be housed or kept. In this particular case, where Canada guarantees to provide for the maintenance of a regiment such as the Newfoundland regiment, I say it is part of the terms of union that an armoury should be provided for this reserve unit. I hope I have not left the minister completely in a fog with regard to the matters I have discussed.

(Translation):

Mr. A. M. Robichaud (Gloucester): Mr. Chairman, in the statement he made in the house last Tuesday afternoon, referring to the Royal Military College of Saint-Jean, Quebec, the Minister of National Defence (Mr. Claxton) made the following remarks reported at page 3808 of *Hansard*:

> The candidates of the two languages mix and work together, and virtually all of them now speak both languages. These men will constitute an important pool of officers of great value, particularly today when the nations of the world are intermingling more freely.

Further down the minister added:

> So great has been the success of Saint-Jean, and so desirable is it that this operation in military training as well as in national unity should be extended, we are going to make provision for a total strength of 400 cadets.

I wish to say immediately to the minister that I readily agree with him. The question of national unity is very near to our hearts. Government members like to raise this question as often as possible and they will surely appeal to those sentiments on every possible occasion during the critical period which might very well be the political menopause before the snow flies, this year.

I hope that in making that statement of principle the Minister of National Defence was sincere and I am ready to grant him the benefit of a reasonable doubt. However, during the few remarks I intend to make this afternoon, I will afford him the opportunity of giving us concrete and practical proof of his sincerity. I simply intend to bring to his knowledge a condition which, unfortunately, prevails very close to this house, and to request him to remedy it, as it should be, if he really wishes to contribute by deeds and not only by words, to the strengthening of the bonds of true national unity across the country.

In taking part in this debate, this afternoon, I will stray to some extent from the line which I have conscientiously tried to follow ever since I came to this house, that is not to take part in any debate on questions which I was unfamiliar with and which had little or no relation to the interests or economy of my constituency or my province. I might add right away that I know very little about military matters and I am quite ready to confess, Mr. Chairman, that I am no authority on militarization, and much less an adept of militarism. Nevertheless, if I make so bold as to rise to take part in this debate it is

because, to my mind, there is a principle involved, and that is the recognition of the rights of French-Canadian airmen at the Rockcliffe air station as regards the teaching of religion and of the French language to their children, and more particularly to the children at the Woodfalle school.

Let us for a moment consider the situation from the school and educational point of view at the Rockcliffe air station. Then I shall point out briefly what certain responsible and independent newspapers think about this matter.

Well, the situation at the Rockcliffe air base, from the school and educational viewpoint, is simply awful. The real concept of education in the true sense of the word seems to have been forgotten and it seems as though it is being wilfully ignored. It seems that this concept which should include, first of all, the imprescriptible rights of the parents, then of the church and thirdly the suppletory rights—and they are only suppletory—of the state, is being wilfully ignored. The recognition of these rights is being ignored at Rockcliffe, especially the first two, that is the imprescriptible rights of the church and of the parents in matters of education, which are the most important. And it is the authorities of the Department of National Defence who are responsible for this situation.

The Rockcliffe school was built with the money of all Canadian taxpayers and I find, on page N-52 of the public accounts for 1952, that the sum of $514,704.99 was spent for the construction of an 18-room school at Rockcliffe. Now, from a pedagogical standpoint, the school at Woodfalle apparently follows the program of the province of Ontario while refusing to apply that section of the Ontario law which allows the establishment of separate schools where the teaching of the French language and of the Catholic faith could and should be given.

Mr. Chairman, if we compare Rockcliffe to any other area, we find that the treatment meted out to French-Canadian Catholics is worse than the treatment they endured under the famous regulation XVII. At Rockcliffe, national defence authorities are not satisfied with restricting French; they exclude it altogether, along with the teaching of religion. Whereas the school system of the province of Ontario recognizes both the public and separate schools, the national defence authorities have adopted at Rockcliffe the public school system while refusing to recognize the separate school system.

Such is, in brief, the situation at Rockcliffe air base, as I see it from the school and educational viewpoint.

Now, to come to the second point I want to make, let us see what the independent and right-thinking newspapers of this area think of this situation and what they have to say about it.

Here is, first of all, an article published in *Le Droit* of January 26, 1953, under the title "A situation worse than under Regulation XVII". I quote:

> But what has the Department of National Defence done at Rockcliffe airport? It has refused to provide accommodation so that the children of Catholic and French Canadian airmen may receive an education which would be French and Catholic in character, in accordance with their rights and the dictates of their conscience. If those airmen wish to send their children to school at Rockcliffe airport, they have to send them to the local public school, where teaching is done exclusively in English.
>
> The Department of National Defence is worse than the Whitney government.

The writer mentions again the famous regulation XVII and he adds:

> True, French Canadian and Catholic airmen can send their children to bilingual separate schools outside, but that changes nothing in the situation which prevails at Rockcliffe airport. Due to a decision taken by the Department of National Defence, there is only one school at that station, the public school, which is neutral and English.

On March 20, 1953, *Le Devoir* had an article entitled "The Rockcliffe Affair", of which I would like to quote a paragraph:

> Rockcliffe is a suburb of Ottawa. An air base has been established at that place and it so happens there are children of school age.
>
> A certain number of those children are Catholic. The authorities have forgotten to provide the necessary facilities to enable those children to receive, at the base proper, an education in accordance with their religious beliefs.

Lastly, I would like to quote a paragraph from another article, published in *Le Droit* of March 17, 1953, entitled: "The Conspiracy of silence, at Rockcliffe, must come to an end". I quote:

> During the past several years, the army has made it a point to give greater importance to the French language and to count more and more on the cooperation of the French-speaking element. We do not know what the situation is with regard to the navy, but we seldom hear complaints. However, in the air force, it is rumoured that in several places, young French Canadian members of that military body do not always receive fair treatment. There are more than false rumours in that connection and specific cases have been stated. They don't appear to be general in scope. The responsibility for these unfortunate happenings has, so far, fallen upon officers of inferior rank and only in a few training centres. We cannot infer from these incidents that an anti-French Canadian policy prevails in the Canadian air force.

However, at Rockcliffe, there is no school where Catholics of both languages may send their children. This is a condition absolutely contrary to a true national spirit, contrary also to the provincial statute, which regulates matters of education in military camps. It is very urgent that this question be straightened out: no question of economy nor any other minor consideration should intervene here. This is a matter of right and Catholics of both languages should take every means to defend that right.

Before bringing my remarks to a close, I wish to call the attention of this house to the steps I have been taking since last January 28 in order to obtain the following documents:

For a copy of all correspondence exchanged between the federal government, or any department thereof, and any person or persons, in connection with the teaching of religion and French to the French-speaking pupils of Woodfalle school, Royal Canadian Air Force station, Rockcliffe, Ontario.

An order for return was passed by this house on January 28 but I am still awaiting the production of these documents. Three times I rose to ask the Secretary of State (Mr. Bradley) about this matter. In the first two instances he answered that he would do everything he could to expedite this return. Last Monday the Minister of National Defence rose to tell me that his department was quite willing to provide me with these papers, but that permission was being requested from a provincial government, which, at my request, he admitted was the government of Ontario.

Will the Minister of National Defence allow me to tell him that his last excuse is very clumsy. Why should he insist on obtaining the agreement of the province concerned before producing these documents, since my question did not refer to any correspondence exchanged between his department and the province of Ontario or any other province. I merely asked for the correspondence exchanged between the federal government or one of its departments and any other person or association concerned. Moreover, I must say that the documents I asked for are not numerous and that a secretary could have prepared them in two hours at the most. However, I am still waiting.

Mr. Chairman, as *Le Droit* so rightly puts it:

The conspiracy of silence, at Rockcliffe, must come to an end.

We are not behind the iron curtain, but I note that there are certain curtains which should be ripped open. And I think that the curtain—be it made of velvet or some other cloth—which closes the opening of the tent under which the Minister of National Defence takes cover, and which will not admit our search into his department, should be the first to be thus ripped open.

Mr. Chairman, in closing I urge the Minister of National Defence to prove his sincerity by deeds and not by words; to remedy the unfortunate and iniquitous situation which exists in the school and educational field at Rockcliffe air base, only a few miles from our parliament. I would also ask him to produce at long last the papers which I asked for more than ten weeks ago.

Mr. Chairman, I ask the hon. members of the House of Commons to excuse a young member, a newcomer, a backbencher who admitted being quite ignorant about military matters, for having been so bold as to stand up in order to stress the glaring injustice inflicted upon his fellow citizens at Rockcliffe. If I have done so, it is because I believed, and still believe, that it is my duty to defend the principle involved. Like the chief of the apostles, I could say, in the very words of Peter to the sanhedrin:

For we cannot but speak after what we have seen and heard.

(Text):

Mr. David A. Croll (Spadina): Mr. Chairman, I have been following the defence debate in the house rather carefully, as hon. members well know. It appears to me that the official opposition has given the debate a new twist. Something new has been added. In previous debates on the same subject their slogan was: Waste, extravagance and inefficiency. We on this side of the house said: "Point to the evidence. Where is the proof?" The opposition have now added a new twist to the slogan by adding: We have inadequate home defence. Thus a new plank is being added to their platform, and the new slogan will go something like this: The official opposition will be saying to the Canadian people: "You are spending five billions of dollars. You have inadequate home defence, because of waste, extravagance and inefficiency." That will be repeated on many platforms throughout the country. I think the place to say it is here, and I say it now—that that is the greatest hoax ever played on the Canadian people. It is a nice trick if you can do it; but you will not.

Let me for a moment examine this question of waste, extravagance and inefficiency. Let us take the normal case we all understand, of the possession of a refrigerator. A refrigerator in the home of a civilian worker is a normal requirement. When this government provides the same refrigerator, but at

a lower cost, in the serviceman's home, it immediately becomes waste.

Let us take the case of the landlord who plants a tree, sods his grounds, and keeps the place in good repair. We consider him a good Canadian citizen and also a good landlord. But when the government provides the same service to the serviceman, at once it becomes landscaping, and therefore an extravagance.

Then, wading pools, which are normally provided for children of civilians in parks throughout the country, when provided for servicemen's children under similar circumstances become frills and fancies.

The small carpet, when provided normally in a civilian's home, becomes, when it is provided for a serviceman, a rug. And when it is described on the hustings, it seems that the servicemen are walking knee deep in them, or perhaps, only ankle deep.

Let us take the case of the bed lamp found normally in most homes. When a bed lamp is provided for a serviceman it becomes a boudoir lamp, with all sorts of connotations.

Mr. Adamson: That was the official name given in the committee.

Mr. Croll: Then, when we ask where those luxurious camps are located, when we ask about those houses with the gilded door knobs, the usual answer is: Wainwright. We are told there is a swimming pool at Wainwright. Well, Wainwright is in the middle of the prairies, and if there is any place in the country that needs a swimming pool, it is Wainwright. Isolated as it is, if we provide a bowling alley and a gymnasium, and a chapel, I do not think we are doing too much for our servicemen.

The official opposition has the advantage of hindsight which, of course, is a great advantage. They can say what should have been done, and act like the Monday-morning quarterback. However, I think that before they pursue that course any further—and I am of the opinion that they believe they have made about as much political capital as they can out of waste, extravagance and inefficiency, because they are not playing that record with as much vigour as they did on other occasions—they should listen well to what the Canadian public are thinking. I suggest that the editorial which I am about to read, and which appeared in the *Canadian Military Journal*, an independent defence forces review, reflects the views of the Canadian public. This is what appeared in the Easter issue under the heading "Unjust Criticism":

For many months past there have been many disparaging comments by Canadian newspapers and news commentators about the pampering of the personnel of our armed forces.

Such critics have appeared to resent the fact that our National Defence Department has seen fit to spend money on furnishing our soldiers with bedside tables and lamps, with carpets, mirrors, bureaus and other such whatnots.

In our opinion such resentment and carping criticism are entirely unjustified. It should be remembered that the great majority of the well paid working men in Canada have all of these things in their homes. So, why should the men who work in our armed forces be deprived of them? These same harsh critics of reasonable comforts for sailors, soldiers and airmen, when off duty, are the first to belabour the Department of National Defence if it fails to secure the number of recruits necessary for our armed forces. The very fact that we are apparently now getting an adequate supply of recruits is, we think, in some measure due to the publicity that has been given in the press to the fact that, by joining the armed forces, a man will not be deprived of the amenities that he has become accustomed to as a civilian.

No! The days of old when it could be truthfully said that, "a soldier's life was one of extreme hardship, unremitting toil and damned poor pay" are over—and we are glad of it! But, even in peacetime, there are still lengthy periods of each year, the training season, when a soldier still has to undergo much more toil and hardship than a civilian,—but, if he is reasonably well paid, as he is now, he has no complaints.

We think that it is high time for the critics, above mentioned, to cease their misguided attempts to deprive the men of our armed forces from enjoying the same home comforts as the civilian workers. They may not have much longer to enjoy them. If they happily do, it will be because their strength, added to the strength of our allies, is forcing on Soviet Russia the necessity of continuing to postpone world war III.

Mr. D. S. Harkness (Calgary East): Mr. Chairman, the hon. member for Spadina (Mr. Croll) has a vivid imagination and a good flow of language, and he has let them both have full swing in the last few minutes, when he has been setting up straw men and then proceeding to knock them down again.

He appeared to be trying to create the impression that those of us who have criticized the conduct of the defence affairs of this country have been thereby criticizing the airmen, soldiers and naval ratings in our armed forces. That has not been done, and there is no justification for trying to give an impression of that kind.

Mr. Croll: Mr. Chairman, I am sorry if the hon. member got that impression; I did not say it, and I did not intend to say it. I merely read an editorial.

Mr. Casselman: Read your speech.

Mr. Harkness: The hon. member was certainly trying to give the impression that those of us who have been criticizing waste and extravagance in the country's defence effort would deny to the members of our defence forces the minimum of comforts to which

they are entitled. Of course that is absolutely wrong. It was quite evident that the hon. member was making a speech with that purpose in mind, hoping to convince the people throughout the country, and members of the forces, that that was what we in the opposition have been doing. I think he will find that he will fail in his efforts.

Then the hon. member for Spadina said that a new twist has been added to the criticism of the defence department, and that instead of placing that criticism on waste and extravagance, as has been done in the past, it is now being put on the fact that there is no defence of Canada itself. If the hon. member will cast his mind back or, if he fails in that respect, if he will look at the defence debates for the last four or five years, he will find that I placed the chief emphasis in my criticism of the defence department each year on the fact that we have had no effective defence for Canadian soil. That was the point made by myself, and by other hon. members associated with me on this side of the house.

So that his contention that we are giving a new twist is completely at variance with the facts. As I say, we have been emphasizing that feature for years. And that leads me to a comment I should like to make concerning the speech made last night by the Minister of National Defence (Mr. Claxton) in connection with this very matter. The Minister of National Defence, in referring to the accomplishment of the first and third objectives of our defence effort—and I would remind you, Mr. Chairman, that the first objective is the defence of Canada itself—said that we are just on the way of getting there, in other words, of achieving the accomplishment of the first objective, the defence of Canada. I must say that the minister apparently takes a considerably more realistic view and speaks in a more realistic way now than he did three and four years ago, because when we brought up this matter three and four years ago and stated time after time that there were no effective defences for Canada in the event of a raid across the north or anything else of that sort which might be anticipated, and which the government said might be anticipated, when we insisted that there were no defences against that sort of thing which amounted to anything, the minister kept reiterating and reiterating in a most definite way that we had all the defence forces we needed to guard against any possible contingency. He said that over and over again.

Mr. Claxton: On a point of order, Mr. Chairman, I have asked the hon. member on previous occasions to cite one single case where I said that. I ask him again. He is distorting any words that I have ever used. I should like him to give a single instance where I have used language which would justify the words he is now trying to put into my mouth.

Mr. Harkness: It is very easy to look up the defence debates of three and four years ago and hon. members will find—

Some hon. Members: Do it.

Mr. Harkness: —that the minister made these assertions time after time. It is very easy for the Liberal members to roar "Do it, do it", but they know quite well that when a man is on his feet in the house he cannot take several hours to look up defence debates which cover several hundred pages of *Hansard*.

Mr. Claxton: Then if the hon. member does not do it and does not choose to do it he should not make such assertions.

Mr. Harkness: I will have the material looked up and produce it at a later time. It is quite apparent that I cannot produce it out of my hat at the moment.

An hon. Member: You are too busy talking through it.

An hon. Member: Nevertheless it is true.

Mr. Harkness: Certainly it is true. As a matter of fact there is no question as to what the minister said three and four years ago about our defence forces. He kept reiterating that we had all the defences—

Mr. Claxton: Mr. Chairman, I have raised a point of order and the hon. member goes on putting words in my mouth which he cannot prove I said. He has had ample opportunity. This debate has gone on for three days, and I think this is the twentieth day on which defence has been discussed this session. He has had endless opportunities but he does not produce the evidence and continues to put words in my mouth which I did not use. Let him produce the evidence.

An hon. Member: Put up or shut up.

Mr. Harkness: Apparently the minister's recollection and mine differ, but I will produce what he had to say in these debates of past years in the course of time, as I said a minute ago.

The next point I should like to comment upon is that the minister said that we had plenty of C-119's and Dakotas to lift our airborne brigade or air defence troops, I think he calls them now. That is not in accord with my information with respect to the matter. The minister cited, as evidence of the fact that we have sufficient of these planes to lift

the airborne brigade, that various exercises had been held and these troops had been dropped. Unless the newspaper reports that I have read were incorrect, the largest number of airborne troops ever dropped in one of these exercises was a battalion. Generally it was less than a battalion, and when they did drop a battalion they were not all dropped at once. They had to be taken in two or three lifts in order to drop them. Therefore I do not think that the evidence that we have a sufficient number of these planes is very good.

Mr. Claxton: Once again, I wish the hon. member would stick to what I said. I never suggested for a second, yesterday or at any other time, that we had the airlift to drop an airborne brigade at one time. No words of mine can be distorted to mean that. What I said was quite different. What the hon. member is now suggesting is not in accordance with our plans at all.

Mr. Harkness: This happens to be one thing that I believe is right in the speech which the minister made yesterday and I can probably find it in about a minute.

An hon. Member: Make it up.

The Chairman: Order.

An hon. Member: Bingo!

Mr. Harkness: I do not exactly remember just when the minister made this particular statement.

An hon. Member: Neither do I.

Mr. Harkness: I do not remember what part of his speech it was in but I know it is here.

An hon. Member: Take your time.

Mr. Harkness: Here it is. At page 3921 of *Hansard* for yesterday the minister, replying to the criticism that had been made on this particular point, said:

> What is more, we have the transport to enable that force to be used.

The reference is to the airborne force. The minister says that nothing he has said can be interpreted as meaning that we have sufficient transport to lift an airborne brigade. What other interpretation would any reasonable man take out of that statement?

Mr. Claxton: What is after the word "used"?

An hon. Member: A period.

Mr. Harkness: Yes, there is a period there. The minister went on to say:

> Hon. members have referred to the fact that hitherto we have only had Dakotas to use for this operation, and very good they were too. A good many countries in the world still only have Dakotas, but to them we have added a number of C-119's. They are coming along at the rate of several per month. Therefore we believe that today we have an airlift sufficient to meet the kind of situation envisaged by the concept on which we are working. Exercises are held regularly.

I have already referred to that.

An hon. Member: Keep on reading. It is better than your speech.

Mr. Harkness: The only impression an ordinary citizen of Canada or someone who had perhaps paid some attention to these matters could get would be that we had sufficient of these aircraft to transport the airborne brigade. As I say, I am quite sure we have not got them, and in fact the minister has now admitted in what he has said that he never said we had them. His statement in that regard is the same as many other statements he has made, and I have complained about them every year in the past and in the speech I made the other day. I complain again about the same sort of thing. He makes statements in a way which can only give a wrong impression to the people of Canada as to what our defence resources actually are.

The next matter with which I should like to deal has to do with ack-ack guns. The minister said we have ack-ack guns of the latest type and that others have been modified in some cases to the most modern standards at very great expense. I believe it is true that we have these guns and that some of them have been modified, but once more the general impression the people get from such a statement is not correct. I had quite a long discussion with the minister on this same subject last year at which time we went into the matter of guided missiles and so on. I think it was a useful discussion, and I brought the matter up at that time because the minister had made a somewhat similar statement on that occasion. The general impression the people got was that we had plenty of ack-ack guns in the country to defend important cities, industrial targets, etc. In actual fact that is not the case.

We have a certain number of guns, but where are they and who is manning them and who is prepared to man them? Unless my information is entirely incorrect, we have two or three regular force ack-ack batteries in Canada, and that is all we have. These are the only ack-ack defences which are manned. In addition, we have a considerable number of reserve batteries and reserve regiments. As was pointed out yesterday, the reserve batteries and reserve regiments are supplied with ack-ack guns on the basis of two per battery or four per battery or eight per regiment or twelve per regiment, something along

that line. They have at the most possibly a quarter or a third of the guns they are supposed to have. In addition, in most cases they have not been able to secure sufficient personnel and to do sufficient training to be able to man even the guns they have effectively. So, in order to make any effective use of those ack-ack guns, as I say, you would have to have the batteries fully equipped and staffed with well trained men. To say that we have plenty of ack-ack guns merely creates a false impression for the people of Canada and lulls them into a false sense of security—something which the government has no right to do.

Mr. Claxton: I agree, if anyone said that.

Mr. Harkness: I do not think the minister will deny that he said yesterday that we have ack-ack guns of the latest type, many of them modified to the most modern standards. He has been saying that for the last two or three years. It is not a new thing at all and it has been brought up here on many occasions, but he still insists on making these statements which I say give a wrong impression.

An hon. Member: You are trying to give a wrong impression.

Mr. Harkness: The next thing the minister said was that we have Vampires and Mustangs which would be pretty good defence against all the bombers known to be in the possession of the only enemy. I wonder if the minister has been completely asleep and is not really aware of what has been happening in the way of aircraft development in the last several years. I wonder if he has paid no attention to reports that have appeared in American magazines, reports before the Senate committee on defence in that country, and so on. There seems to be in the United States, and amongst people who should know, a very strong presumption at least—in fact it is a certainty—that the Russians have a considerable number of high altitude jet bombers. Against such bombers these Vampires and Mustangs are just useless.

The fact that the minister would make that statement indicates to me that he has no true realization of what the needs of modern defence are. Nobody with a realization of the needs of modern air defence and what the modern air situation is would make a statement of that sort. The minister went on to say, as he has said several times in the past, that the F-86E Sabre jet is the finest aircraft of its type in the world today. Maybe it is, and I am not disputing that it is—

Some hon. Members: Hear, hear.

Mr. Harkness: But I would draw your attention to the fact that a very large number of pilots who have been flying these Sabres in Korea have come back and complained bitterly that the Russian MIG was able to outfly them and outmanœuvre them. One of the reasons for that is that the F-86E is a considerably heavier aircraft. It weighs more than the MIG and it would take a great deal more thrust, which it just has not got, to make it as manœuvrable as the MIG. In that connection I would refer to a report appearing in the newspapers in which a fairly high technical ranking officer of the R.C.A.F. said that the trouble with the F-86E, and with other planes too, is that they have too many gadgets which slow them down and their performance is not nearly as good as it might otherwise be. He particularly referred to the double landing gear which this plane has and to other safety devices which, according to him, were designed to prevent training accidents. They were designed to protect in training the one man in ten who is perhaps slow or careless. But, as a result of these safety devices, the whole weight of the plane has been made too great and therefore its performance is not nearly as good as it should be. He says that we should get rid of these gadgets and cut down the weight of the plane. I do not know the technical details of these things well enough to be a judge, but that at least is the story, as reported in the newspapers, of one of the technical officers of the R.C.A.F., and it appears to me to be very sound reasoning.

The next matter was the construction of barracks and the minister said that he had not heard from anybody that the costs were too great. He said that anyone who thought that was the case should have said so, and that no one has said so. Well, I would refer the minister to the report of the committee on defence expenditure of last year. He also said that we had had all kinds of opportunity to go into this matter. But last year, as a matter of fact, we had one day in which to hear a long report on construction and there was only time for a short bit of questioning at the end. The minister says that nobody complained about excessive cost, but I point out to him that I did refer to the excessive cost of some barracks and asked why the costs were so great. The explanation was given that they were no greater than for comparable accommodation which has been built in recent years for college students. That did not seem to be a very reasonable explanation of the high cost of these barracks.

This year in the defence expenditure committee, to which I am really not supposed to refer, we put a considerable amount of time on construction; but I think the chairman of that committee, the hon. member for Spadina,

will agree with me that we have not so far really gone into the cost of barracks.

The Chairman: Order.

Mr. Harkness: The next thing which the minister protested against most vehemently concerned something which I have done myself on several occasions in the past, as has the hon. member for Moose Jaw. He did so only yesterday, I think, in this debate. I refer to making a comparison of the cost per man of our forces compared with the cost per man of the forces of the United States, Great Britain or any other country. The minister said that the comparison of cost per man was absolutely invalid and he took strong exception to any comparisons of that sort being made. He did not give any good reason why a comparison was invalid; he just said it was invalid and did not give any good reasons, except one. The one reason he did give was that construction costs in Canada have been a great deal more per man than they have in the United Kingdom or the United States. He said that we did not have any permanent barracks and things of that sort when we started on this program whereas they did in the United Kingdom and in the United States. Now, I will admit that we have had to spend more per man on construction in Canada than they have had to do in the United States or in Great Britain. However, if you throw out the entire cost of construction as far as Canada is concerned—throw it out altogether, but do not forget that the people in the United Kingdom and the United States have also been constructing things of various kinds such as airfields and barracks—and leave it in for the others, our costs are still a great deal more than they are in the United States and Great Britain per man. The argument by the minister that the cost per man has only risen because of construction costs flies right out the window.

An hon. Member: They do not have below zero weather in Great Britain.

Mr. Harkness: They certainly do in the United States, and particularly in the Alaska area. As a matter of fact, I would like to ask, Mr. Chairman, what other yardstick we can use to compare costs here and in the United States or Great Britain or any other country. There is no other yardstick that you can use, and the cost per man is a good yardstick to compare the situation in this country with that in other countries—the cost now and what it cost four years ago or fourteen years ago. I think that a yardstick of that kind is extremely useful and one that can serve a useful purpose. I see no reason in the world for the minister to say that it is invalid.

In addition to that I would point out that, although our forces are costing so much more per man than those of Great Britain and so much more than those of the United States, those countries are providing extremely heavy and expensive items of equipment. They are providing large ships, submarines, heavy bombers and things of that kind which are most expensive. We are not providing any of those things, so their costs really should be higher than ours because they are buying more of the expensive items.

Now, the minister made what I thought was a very unworthy attempt, and one which was in bad taste, to write down Wing Commander Rohmer because of the statement he made. Why the minister should say that he was so far down on the promotion list, and what relationship that had to this debate, I do not know. As I say, I think it was a very unworthy attempt to try to write down a man who was doing his duty, and who had given considerable service to this country, not only in the air force but also by putting forward his views as to what was needed for the defence of this country. In other words, this man acted as a good citizen, and the minister more or less tried to write him down. The minister also said, of course, that we had seized upon what Wing Commander Rohmer said about the lack of defence in this country, and were now trying to make a great deal of it. As I have already pointed out, what Wing Commander Rohmer said is confirmation of what we have been saying here for several years. We have been insisting that the defence of Canada itself was neglected, that we did not have the defences that we need. This statement by this gentleman was confirmation of that, and proof that it is true.

In speaking here the other day I said something about overblown staffs. The minister said that the only proof of this that I gave was the number of men in the deputy minister's office. He spoke about the number of people that were there and what they were doing, and why the number had been increased. This was not the only proof I gave, but that was the only point to which he gave attention. There are many more that could be mentioned. One of the other things I mentioned, and I mention it again now because I think we should have some explanation of it later on, is the tremendous growth that has taken place in the civilian personnel in the administrative headquarters of national defence.

The Chairman: Perhaps the hon. member could wait until the general policy discussion is over, or is it agreeable to hon. members that we now start on the question and

answer period? If not, I would rather that hon. members pursue the policy discussion. Perhaps the hon. member wants to include this one question in his remarks?

Mr. Harkness: I am not going into detailed discussion. I am merely citing this as proof that what the minister said was not correct. The minister said I gave only one instance of overblown staffs, and I say I gave two other specific instances. I am referring to one that I gave. Civilian personnel in administrative headquarters, as shown in the estimates for this year, has increased from 2,512 to 3,599, an increase of nearly 1,100. Last year the increase was from 1,200 to 2,500; it more than doubled the year before, so that in two years we have more than a 200 per cent increase in the number of civilian personnel here at Ottawa.

Then, of course, I also mentioned the increase which had taken place throughout the services, the navy, the army, the air force and so on. I mentioned particularly the large increase which had taken place in the number of stenographers, typists and so forth, and the way in which, apparently, the paper war was being stepped up. Another thing that I mentioned was the great burgeoning of staff that there had been in the training and staff duties branch of the army. I shall not go into the details of that again. If anyone wants to see some examples of it, all he has to do is to get one of the officials sitting in the gallery to supply him with a telephone directory for national defence headquarters. He will see there the great multiplication of staffs that exists, particularly if compared with what the situation was during the war and before the war.

The minister had something to say in answer to the Leader of the Opposition and me in regard to the lack of equipment in the reserve forces. The minister did not really deal with this lack of equipment, but mentioned particularly carriers and jeeps. He said that if the units were losing carriers, they had been taken away for repair, I think it was, and the jeeps had been taken away but were being replaced by some kind of general service truck. That may be, but I know that I have been getting these complaints that units have lost their jeeps, and I certainly do not hear that they have been replaced by anything comparable. The minister did not go into some of the more important complaints, such as the lack of directors in the artillery and other technical equipment of that sort; the lack of guns themselves, and so on. He did say something about breech rings. These guns were being sent back to have the breech rings changed as a safety measure, although the guns have been in use for years and years. However, it may be necessary to do that, but I certainly do not think you needed to take away all the guns from the unit at one time in order to do that. The removal of the guns could have been staggered so that a unit could have continued training. There was no necessity to interrupt or destroy unit training in order to change the breech rings. The lack of directors and other technical equipment was not dealt with.

The minister said something which really discouraged me. He said the units were trying to get down to the amount of equipment that they need so that they could carry on more efficiently. I would ask him if any of the units were trying to get rid of their directors; have they been trying to get rid of their jeeps or their guns? It is complete nonsense to say anything of that sort. The units have been complaining very strongly about the way in which equipment has been taken away from them. The minister says it was taken away to please them. It is really not a very sensible statement.

So far as equipment generally in the reserve forces is concerned, I do not think there is any question at all but that there was no need for any of the units to suffer in their training or in their morale as a result of the removal of material from them. It could have been removed in shifts if it were being taken away to be repaired, and then returned. If it was being taken away to be sent overseas, it should have been left with the unit until the new equipment had arrived to be put into their hands. In this way the unit would not have been left without anything.

In that connection, one of the particular complaints concerns the anti-tank regiment, with which I happen to be personally familiar. Some two or three years ago the anti-tank regiments lost their guns. In some places those anti-tank guns were replaced by 25-pounders, and the units were told to train on them. Since that time none of these units have known what their situation is. They do not know whether or not they are anti-tank regiments. The generally expressed opinion is that the anti-tank branch of the artillery is being eliminated, and that the job is being taken over by the armoured corps. It may be a good thing to do that. Certainly a reserve force unit which is designated in a certain way, and left to train in a certain way, should not be left up in the air that way, with their regular normal equipment taken away and replaced by different sorts of things, and more or less in a position where they do not know where they are at. I think perhaps the time has come for the minister, during this debate, to make a definite statement as to what is to be the fate of the anti-tank artillery, whether they are to continue with that or whether

they are going to be converted into something else; and if so what it is and when this will take place, so that these units will have something definite to strive toward in the future.

Mr. E. T. Applewhaite (Skeena): Mr. Chairman, I have endeavoured to follow this whole debate as carefully and as steadily as possible, with the exception of a while I missed on Monday night, and it seems to me that now we are on the second time around, so I should like to say a few words about it. We have apparently reached the stage where the same speeches are being made by the same opposition members, as I say, for the second time around.

There is one thing that I think must impress itself upon every member in the chamber as a result of this debate and that is that quite obviously the true worth of the Minister of National Defence and of the Department of National Defence is recognized, if not admitted, by the members of the opposition. That is quite obvious from the ineffectual and ineffective nature of the criticisms which so far they have attempted to bring against the minister and his department.

In this debate there was one matter only of major importance which caused me considerable worry, and that was the suggestion of belittling the theory that the defence of Canada should be carried out as far away from Canadian shores as possible. In the whole world picture, including such projects as the stopping of aggression in Korea and the building up of an army in Europe, I understand that we on the North American continent have been perhaps a little bit selfish but that it has been our idea and our intention that the only potential enemy which we can see shall be stopped at the other side of either the Atlantic or the Pacific ocean. If, at this stage of world affairs, that is a wrong premise, on which to build Canadian defence policies, then I think perhaps we have definitely failed. The statement was made by the hon. member for Nanaimo, as reported at page 3819 of *Hansard* of April 14:

> We are told that we should defend Canada as far away from Canada as possible. That is a delightful dream, . . .

He continues a little bit further down the page:

> The long and the short of this matter seems to me to be that we have left our front door wide open while we have sallied out through the back door.

If the members of the 25th brigade and the 27th brigade have sallied out through the back door and are now holding potential aggression at bay in Asia and in Europe, I should like to know which is the front door that we have left open.

Mr. Chairman, you were gracious enough to permit the hon. member for Greenwood to make rather extensive references to parts of the Currie report. At that time the hon. member for Greenwood was permitted to place upon the record extracts from a radio speech by a Liberal and which referred to the Currie report. I like the hon. member for Greenwood so much that I should like to have the privilege of returning the compliment, and for his benefit I should like to place on the record a quotation from a speech on the Currie report made by a Conservative, one who was frankly introduced on "This Nation's Business" program as a Progressive Conservative candidate in the forthcoming federal election. But before coming to that matter, I would remind the committee that, as reported at page 3934 of *Hansard*, the hon. member for Greenwood said with great emphasis:

> —there has not been a dent made in the Currie report.

I think that most likely he is correct. But while the Currie report may at the present time remain undented, Mr. Chairman, it has been rather severely twisted. On the program "This Nation's Business" on March 31, 1953, one Sybil Bennett—quite frankly I do not know whether to say Mrs. or Miss—

An hon. Member: Miss.

Mr. Applewhaite: I am told it is Miss. Referring to the report she said this:

> The general answer—

That is to the inefficiencies of this government.

> —is the elimination of waste and extravagance and wild spending which it appears runs into hundreds of millions of dollars. As Mr. Currie pointed out in his report "nobody knows how many millions are being wasted".
>
> There is no way of knowing because the government refuses to investigate or to allow anybody to investigate this spending.

I would draw to your attention, Mr. Chairman, that what I have in my hand is supposed to be a copy of the official text filed with the Canadian Broadcasting Corporation, and the words attributed to the Currie report, "nobody knows how many millions are being wasted" are in quotation marks. Heaven knows that by this time I should know the Currie report almost by heart, and those words are not in the Currie report. Let us see what Mr. Currie did say. He was investigating losses at Petawawa. He was referring to Petawawa and here are his exact words:

> No reliable estimate of the total loss can be prepared. It does, however, appear probable that the total loss resulting from misappropriation and irregularities by military personnel at Petawawa was not large.

Incidentally he praises the personnel at other depots he investigated for not having the same losses and "praise" is the word he used.

Mr. Fulton: Would the hon. member read the next sentence?

An hon. Member: Make your own speech.

Mr. Applewhaite: I have no doubt whatever that the hon. member for Kamloops will place on the record anything which he considers to be pertinent. Perhaps he will afford me the courtesy of allowing me to make my own speech.

In connection with that item I would point out that it has been variously estimated, so far as I can learn, that these losses run somewhere between $35,000 and $85,000. Let us take the bigger figure. There is a large difference between $85,000 and many millions.

Mr. Chairman, this political business is never too pleasant. I think all of us enjoy a good, honest opponent. I for one—and I pick two names out of the hat—appreciate the type of speech which will be made by such members as the hon. member for Vancouver East and the hon. member for Eglinton. But when certain individuals find it necessary to coin non-existing quotations in order to—

Mr. Bryce: Mr. Chairman, I rise on a point of privilege. Does the hon. member not mean the hon. member for Ottawa East instead of the hon. member for Vancouver East?

Mr. Applewhaite: No; I said Vancouver East.

Mr. Bryce: I cannot understand why he should blame the hon. member for Vancouver East.

Mr. Croll: He is praising him.

Mr. Applewhaite: I am not blaming him; on the contrary. I am afraid that my hon. friend was not doing me the courtesy of listening to me as closely as I should like to be listened to.

Mr. Bryce: We cannot hear you over here for the chorus.

Mr. Applewhaite: I had said that the hon. member for Vancouver East is an outstanding example of a good, honest political fighter, a comment which I regret I cannot apply to the author of this particular speech. So much for the efforts being made to twist the Currie report, which perhaps still remains undented.

There is a natural, legitimate and praiseworthy unanimity in this chamber in honouring the qualities, the efficiency and the activities of the members of the 25th brigade and the 27th brigade.

[Mr. Applewhaite.]

If there is one subject that comes under the heading of national defence upon which we are all united it seems to be that one. I am reminded of the story of an investigation of a unit during the second world war in which it was reported, allegedly, that the privates and the N.C.O.'s were the finest and most efficient type that it was possible to find anywhere, but that the officers of this unit left much to be desired. It was pointed out that it is practically impossible to have an efficient unit of privates and N.C.O.'s unless you have efficient, competent officers training or leading them, and I think that is pretty well admitted. I should like to know how it is that we can have such an efficient brigade as we have in Korea, such efficient units as we have in Europe, without an efficient Department of National Defence sponsoring them.

It has been, as I said, our unanimous effort to show our support to the individual members of these overseas brigades. We vie with one another to hand them compliments, and rightly so. In the civil service, members working for the Department of National Defence are also a cross-section of Canada. We have a great many individuals who could not be in Korea or Europe, either on account of sex, disabilities such as short sight and so forth, on account of age, or on account of the fact that there is a limit to the numbers we are sending.

I cannot conceive any valid reason why we should have apparently such a tremendous difference in honesty, in efficiency, in desire to serve between those Canadians who are overseas, or who are in uniform, and those who are working for the Department of National Defence and who are the subject of the criticism which is being levelled at the Department of National Defence at the present time. It is beyond argument that those servants of the Department of National Defence could make a great deal more money and would have to work no harder, if as hard, if they were to be employed by private industry in Canada today. Therefore something should be said also for them, though I admit that for some reason I do not quite understand it is not politically quite as popular to defend a civilian as to defend a man in the armed services.

Another criticism levelled at this government, which would be a very valid criticism if it were well founded, is that not enough information is being provided, or that not enough opportunity is being allowed, to discuss defence matters properly, with particular reference to the present session. I have been in this house only since the fall of 1949. I do not think I can recall a session I

have attended, except perhaps the special session of 1950, when the same complaint was not made in much the same words. It is a stock Tory argument which, if they use it often enough, becomes so ingrained that I honestly think some of them believe it themselves. It has been used ad nauseam at this session which began on November 20, and I think this is the 87th sitting day.

I have had a rough check made of *Hansard* of what we have discussed and the time we have taken discussing defence in this session. You will find in *Hansard* 47 pages of debate on the bill to appoint an associate minister of national defence; 79½ pages on the Currie report; 160½ pages on the debate before the defence expenditure committee was set up; 20 pages in the budget debate and 201 pages dealing with this sort of thing in the debate on the address in reply to the speech from the throne. If you assume that the average time taken per page is seven minutes, which I am told is what it is, then we have had over 15 full days so far discussing defence in this house, irrespective of the meetings of the committee that may be held, and you can add two or three more days for this current debate.

We hear that in the United Kingdom they get more information and more time to debate, that the opposition, private members or some others are given better opportunity to take their part in this type of debate than we get in Canada. Well, I have the white paper of the United Kingdom in my hand; I have the parliamentary debates of the United Kingdom for the period which I am going to discuss, namely March of this year. I am told that 26 days is their usual debate on the estimates, of which 4 are allocated to national defence, or what is their equivalent of our Department of National Defence, and 1 day to debating the white paper. In these parliamentary debates, if hon. members will read them, they will find that not many questions are asked or answered. They consist more of debates on matters of policy and on matters allied to war.

I hold in my hand the English white paper headed "Statement on defence, 1953." In my opinion there is far less information in that white paper than in the white paper tabled in this house by the Minister of National Defence at the beginning of this debate, and there is certainly less information in it than that same minister has given to us during the course of this and other debates. It may be suggested that the reason for that is that in the United Kingdom they have a committee on estimates. They have. It holds all its meetings in camera; it is a very small committee. I understand it does not have a report, and I cannot find that it has reported so far this year. We also have a committee on defence expenditure in this house.

Let us go back to 1951. That committee sat only 4 days in 1951. In 1952 it sat for 17 days, during which time I know of no officer or employee of the Department of National Defence who was asked for and not produced, and I know of no questions that were asked which were unanswered, other than those which were classified and came under the heading of security. In that connection may I say that the opposition never endeavoured to push a question where security was involved. In 1953 the committee has sat from January 27 up to now, and until a date yet to be determined, but it has sat so far on 21 or 22 days.

With particular reference to last year's committee, of which I was a member, it was given so much information that we could not digest it; we could not handle it. The information was given to us in answer to questions. It was given to us day by day at approximately the same time that we were being told by the opposition that they could not get the information they wanted, with the natural result that every question they asked was answered. I have a filing case full of the answers of last year that I have never thoroughly sorted out even yet. I am told by people who have been here five times as long as I have that never in the history of the Canadian parliament has a committee of any description received so much information, and so much information which there were precedents for withholding, as was provided to that committee in 1952. In its report that committee used this sentence:

> All information sought by the committee was obtained except that no action was taken with regard to the following matters: component parts of certain fighter aircraft, ships and armament considered secret.

I believe it is honest to say—and I stand corrected if I am in error—that no opposition member on the committee objected to that paragraph going into the report. Not only that, but a large number of members of the House of Commons, in the short time I have been here, whether they have been members of that committee or not, on more than one occasion have been afforded opportunities by the Department of National Defence to visit various types of military establishments. The committee visited Plouffe Park. The parliamentary group which visited Churchill was not confined to members of the committee. There were trips to Canadair and trips to Kingston. There have been several trips laid on by the Department of National

Defence for the advantage and information of hon. members. If there is any criticism in all this now being levelled at the department which will not stand up, surely it is the criticism that information has not been obtainable, or that opportunities for discussion of matters connected with the department have not been afforded.

May I conclude these rather disjointed remarks by paying a compliment to all those members of the opposition who thus far have taken part in the debate. I think I have heard all but two of them, and have read their speeches; and I compliment them upon the good judgment one and all have shown when they have declined to say either "We could have done better", or "We could do better".

Mr. Gordon Graydon (Peel): Mr. Chairman, I should like to join with other hon. members who have taken part in the discussion of the first item in the estimates of the Department of National Defence, and in doing so I shall deal with a matter vitally connected with the community in which I live, and one which has been close to my heart through many years. I refer to the plants of A. V. Roe Canada Limited at Malton, Ontario, where aircraft and the Orenda engine are produced. This subject has been debated in the house on former occasions. Perhaps the background of the Malton plant should be described, because up to this time that phase has not been mentioned by the minister or others.

The Chairman: Order. Perhaps it has not been mentioned by the minister because it might be discussed more properly under the estimates of the Department of Defence Production. If I am inaccurate in that I should like to be enlightened. It seems to me, however, that there is nothing in these estimates that has anything to do with the Malton plant.

Mr. Graydon: I think there is, Mr. Chairman. It will be realized as I go along that the Malton plant plays a very important part in these estimates, and that a considerable amount of the money to be voted will go to the production of aircraft at that plant.

In the late thirties Malton airport site was chosen. Since 1936 the airport located there has developed until it has become the greatest in Canada. Alongside it grew up, first of all, the plant of what was known as the National Steel Car Company. Then Victory Aircraft was established. And now, after the close of the second world war, we have located there A. V. Roe Canada Limited. All three of these organizations manufactured aircraft.

At the present time A. V. Roe Canada Limited employs in its two plants—the original one and the new Orenda engine plant—over 13,000 men and women. The company is one of the largest employers of labour in the whole metropolitan area of Toronto and, I suppose, one of the largest employers anywhere in Canada.

It has been a matter of considerable pride to me, as the member of that constituency and living close to the plant—because I suppose I live closer to it than any other member, and for that reason have been able to see it more often—that we have at that point in Canada such a magnificent industry, which not only has made a good record up to the present time under almost impossible circumstances, but which also is giving to Malton the distinction of being the centre of the Canadian aviation industry, both in peace and in war.

I am one who has always championed and supported the industry at Malton. It has not always been popular to take that position because, as most hon. members know, there have been criticisms. These have not been confined to parliament or to any political party, but have been made because people have not always understood the gigantic difficulties and obstacles those three companies, including A. V. Roe, have faced from time to time; difficulties which are being overcome today by A. V. Roe Canada Limited in connection with the production of the Orenda engine and the CF-100 with its various marks which are now being designed and will be produced later on.

I have always felt that if there be criticism it should not be directed against the management or the employees of the plant, but rather against the departments of government. It can be said, in simple language, that in an aircraft manufacturing policy there are, speaking roughly, three alternatives that could be followed. First of all, the plant could build large numbers of obsolete aircraft on a high-speed production line, and show to the public a tremendous record of numbers produced. But when they were produced it would not necessarily follow that such aircraft would have any major value in our defence program.

A second alternative would be to do no designing and no original research work at the plant, but rather to obtain licences from someone, or from some other country, that has originated designs. Then those models could be put on the production line and,

again, a great showing could be made as to the number of aircraft coming off the assembly line.

Those alternatives, however, have not been followed at Malton. I am one who believes that the alternative chosen has been the proper one. In the plant, since the close of the last war, with a large amount of government assistance the A. V. Roe plant has succeeded in setting up a research, designing and developing team which has now reached the point where there are few better such teams to be found anywhere in the world. They have produced in their plant what we believe, and I think the government believes, is the best jet airplane engine, and the best aircraft of its type in the form of the various marks of the CF-100.

Having chosen that alternative, one cannot expect the same amount of production, or the same quantity off the assembly line, as if the other alternatives had been followed. After all, the very last word in production, design and manufacture of both engines and aircraft is coming off the assembly line in the Malton plant.

That brings up another aspect which is of very great importance to that area. We feel that the designing, research and development team ought to be kept intact so that when the current international tension and impasse have subsided there will be a great peacetime centre of the civilian aviation industry there which will of course be of great importance to Canada in the days that lie ahead. That is the reason I think the proper course has been followed, and I hope the government will not change its policy in that respect but will pursue it despite the fact that there has been considerable criticism from time to time of the number of planes that have come off the assembly line at Malton.

There is one other matter to which I should like to refer, and that is the untold difficulties and almost impossible obstacles that have faced the management and employees of the plant during the last few years. It is hard enough to produce aircraft and engines in a pioneering atmosphere such as we have had at Malton, but one of the greatest problems arises from the fact that just when the design is ready to go on the assembly line for manufacture the Royal Canadian Air Force or some department at Ottawa asks for some minor, or sometimes major, change in the design which again stops production for weeks and sometimes months. It is a pretty discouraging situation to find that from time to time such changes, which seem to occur more often perhaps than is necessary, are holding up production on the Malton assembly line.

I think the minister should consider having a somewhat closer liaison between those who are experts at the plant in these matters and the Royal Canadian Air Force and his own department, so that consultations may be held and agreement reached to bring about fewer of these minor and sometimes major changes in the structure of the plane itself, thus allowing the plant to proceed more rapidly with its manufacture. If that were done I am quite sure there is a possibility of the planes and engines coming off the assembly line much more quickly than they have in the past.

I make that constructive suggestion to the minister because I am anxious, just as he is, to see to it that the position of A. V. Roe Canada Limited is brought to as high a position in Canadian estimation as it is possible to achieve. It does seem to me that perhaps the Malton plant is now, to use the language of the street, over the hump, and I am satisfied that the plant has a management team and group of employees who are capable of doing an extremely efficient and effective job for Canada and our forces generally. I think it can be said that those in the present set-up at Malton know where they are going and how to get there. I think that sizes up the situation the department will now find in the plant. I believe the plant deserves an opportunity to show what it can do, and I should like to see it get that chance with as few obstacles as possible placed in its way by those who are directing or giving orders with respect to the requirements of the air force.

If this is done I am convinced that the plant will turn out in satisfactory numbers the kinds of planes and engines that are expected of it by the people of Canada. I can remember quite well when the little village of Malton was not a very important point on the old Grand Trunk line and later on the Canadian National system running west from Toronto. It has grown since 1937 until it is now a major centre in industrial Canada. I believe that the plants there now, together with the airport, will be responsible in the days that lie ahead for Malton not merely being a village or a town but one of the great industrial cities of Canada and the central point of our aviation industry in Canada, and perhaps even in a broader sphere.

I wanted to make that point clear because the question of Malton's success is a matter affecting a great many people in my constituency. I am not sure how many people in the county of Peel work there, but there must be somewhere between 3,000 and 5,000. Generally speaking working conditions are good, and I think the employees are, in the main, satisfied with conditions. I am anxious, however, that there shall be full co-operation

between management, employees, the research, designing and development team and the department so they may all go forward together in a co-operative enterprise and demonstrate that today there is no better or more effective plant for manufacturing engines and aeroplanes anywhere among the NATO nations than the plant at Malton.

Mr. Churchill: Mr. Chairman, I do not wish to go over the same course twice, as was suggested by the hon. member for Skeena, but unfortunately the Minister of National Defence in making his reply yesterday omitted to answer two of the questions that I raised and rather brushed me aside on the third one. Therefore I must return to the attack.

I was endeavouring to find out in the first part of my remarks yesterday, which dealt very briefly with casualties, the exact figure of our casualties to date. I pointed out to the minister that in response to a question I had raised in the house in the first week of February I received a reply to the effect that our casualties as of the 31st of January numbered 1,335. Today's paper contains casualty list No. 172, which gives the total as 1,304. In his remarks yesterday the minister mentioned a figure of 1,300. Why can we not have the exact number? I asked for a correct statement in so far as casualties are concerned.

The second point I dealt with was the problem of ammunition, and I have been dealing with this ever since the last week of November. Not for the first time did the minister suggest that to discuss this problem would have a bad effect on morale. Yesterday he said, as appears at page 3927 of *Hansard*:

> I suggest that this is a matter on which hon. members should exercise the usual caution which should be applied to matters affecting the morale and welfare of the troops.

A similar remark was made by the minister in December. I would suggest to the Minister of National Defence that questioning in the House of Commons concerning the ammunition situation on the field of battle is all to the good, that the morale of the troops who are actually engaged in battle and the morale of the troops about to go to the field of conflict will be heightened by their knowledge that the House of Commons is intensely interested in their equipment and supplies, and particularly with regard to the amount of ammunition on hand. Their morale will be heightened because the House of Commons is eager to see that no pains are spared to ensure that a full supply of ammunition is available. That will raise their morale, and not lower it. I think the worst thing for men serving overseas in any type of war is to feel that they are forgotten and that their interests are being neglected. There is nothing in what we have said here in the House of Commons that would tend to do other than raise the morale of the troops overseas. It shows that we are not forgetting them and that we know what is going on.

My regret is that the minister yesterday and the day before did not give us a full account of the situation in Korea. For example, I asked him if we were employing Korean soldiers in conjunction with our troops. I had a question on the order paper some time ago asking for that information and the answer I received was no. One week later there was a press report to the effect that Korean troops were going to be used within our Korean battalions. Well, we are left in the air again.

Yesterday I asked the minister whether we were making use of the protective clothing that has been devised, clothing which has some armoured component in it. The minister did not comment on it, but I think it is an important matter and that we should know about it. The thing which disturbs me so much about the matter of defence is that a veil of secrecy is drawn over things that need not be secret, and we are depending so much on press reports. We are not getting information here in the House of Commons. I think a great deal of credit is due the people who furnish us with so much of this information, but I think it would be better if we received that information directly in the House of Commons.

With respect to the ammunition problem that I have raised, the minister considered that my argument was dismissed by certain quotations which he made from a debate in the House of Commons at Westminster and from a newspaper report of what President Eisenhower had said. The minister, at page 3927 of *Hansard*, quotes from a reply by the British prime minister to Mr. Shinwell as follows:

> I am informed that the ammunition supply in Korea has always been sufficient to meet the operational requirements of the United Nations forces, and shortages of ammunition have not restricted the planning of operations.

I would draw the attention of the house to the fact that Mr. Winston Churchill has admitted in his statement that there have been shortages of ammunition. Why we cannot get the same admission in the House of Commons here, I do not know; but on March 9, when I asked a question of the Associate Minister of National Defence with regard to ammunition supply the answer was given, as it appears on page 3726 of *Hansard*, in these words:

> —there is no shortage of ammunition in respect of actual operations.

Then the Minister of National Defence quoted from a press report concerning what President Eisenhower had said, and I shall just repeat four lines which appear on page 3927 of *Hansard*:

> President Eisenhower said yesterday there is sufficient ammunition in Korea for present scale operations and then described the supply situation as perfectly sound under current circumstances.

I suggest, Mr. Chairman, that these statements do not stand up under analysis. Mr. Winston Churchill's statement admits that there has been a shortage of ammunition. He says that shortages of ammunition have not restricted the planning of operations. Well, of course not; they never do. You can always plan if you have one round or a thousand rounds. If you have a thousand rounds you may attack, but if you have one round you plan to sit tight or perhaps retreat. You can plan under any circumstances, having regard to the amount of ammunition you have available. General Van Fleet pointed out exactly the same thing in his testimony. Of course, you keep your planning going; but during the last several months it has not been possible to plan for anything more in Korea than to sit tight and take it, and I think that is what our troops have been doing. They have been sitting tight and have been shelled unmercifully by the Chinese. I think we have not had sufficient ammunition for counter-battery work to knock out enemy guns.

We have President Eisenhower's statement that there is sufficient ammunition in Korea for present scale operations. Of course there is sufficient for present scale operations. If you are not doing anything, if you are not going to fire any ammunition, if you are not going to make an advance, perhaps you do not need any.

I will recall to the minister's attention the situation that prevailed on the western front in 1915 of which he is aware, either from first-hand knowledge or from reading about it. There was a shortage of ammunition in those days and operations were planned continually; but the operations were cut short, as I pointed out in an early speech in this house, on instructions from the high command that the operations should come to a conclusion. The reason? No ammunition. That is why I have been raising the question of ammunition in the house, hoping to get a reply along somewhat different lines than I have received.

We have the admission from the minister that whereas in December we were on the American supply line, now, for certain types of materials, we are on the British supply line. That is useful information and perhaps we are better off on the British and Canadian supply lines for ammunition for the 25-pounder gun, a type which is not American and which is used in the commonwealth division. I understand that our supply of ammunition for those guns has been reasonably adequate.

Will the Minister of National Defence, who should have the information, say whether we are on the American supply line for other things which General Van Fleet said were in short supply, such as mortar shells and grenades? I do not know, and who does know? Unless the Minister of National Defence can supply the information we are left in the dark. The suspicion is that there is a shortage of mortar shells and grenades.

The average Canadian who understands the productive capacity of this country fails to see why we cannot come forward and offer to assist. Are we supplying ammunition from Canadian sources, and, if so, why can we not be told? I have seen press reports since this disturbance in the United States with regard to ammunition shortage indicating that Canadian sources were being tapped to supply ammunition. That is all to the good, but why cannot we be so informed?

As the situation stands at the moment I think my queries with regard to ammunition have been rather brushed aside and we are left in the uncertain position of not knowing whether our troops in the field have a full and complete supply of ammunition, not only to sit in the trenches and be shelled until casualties occur every day, but ammunition sufficient to knock out enemy guns. Also I asked a question about our ammunition supply in Europe, which press reports say is below the required amount. No answer was given to that.

My third point yesterday had to do with the Royal Canadian Armoured Corps, and I emphasized the fact that it was being neglected under the present circumstances. To my regret the minister failed to heed that particular section of my speech yesterday, for I thought he would make some comment on it. He did say one or two things with regard to armour. We have been suggesting from this side of the house that more armour should be made available. We have suggested an armoured brigade for Europe. My statement on that is in *Hansard* on more than one occasion.

I have noticed, Mr. Chairman, that you can have a first-class argument if those who are participating do not talk about the same thing. It might even develop into a row. For purposes of this debate, however, I think we should discuss the same thing, and I suggest to the minister we should discuss the

same thing. The point I was discussing was an armoured brigade, and according to page 3921 of *Hansard* for April 15, 1953, he transforms that into an armoured brigade group. Here are his words:

> We have the type of unit we were asked to provide and which fits into the scheme of things on the other side.

I would be inclined to ask for more explanation with regard to that particular sentence, but I shall pass on to the next.

> It enables us to train and operate independently as a unit, but an independent armoured brigade group working in isolation from a division or a group, as I have said before, is a military monstrosity. We have never heard of such an organization, and it could not operate.

Then farther down he says:

> —in order to create the unit that has been suggested, as we understand it, we would require larger forces than the present ones.

Let us talk about the same thing. Let us talk about an armoured brigade, and let us not talk about an armoured brigade group. I have never mentioned an armoured brigade group. I am talking about an armoured brigade. I say that if we maintained an armoured brigade in Europe and an armoured brigade at home, we could then train the Royal Canadian Armoured Corps as it should be trained and deserves to be trained. We would maintain a proper balance in the army.

Mr. Claxton: Perhaps we can find out if we are talking about the same thing. May I ask the hon. member if that would mean an armoured brigade in addition to the present infantry brigade or in substitution for it?

Mr. Churchill: I suggested yesterday it would be in substitution for it. I suggested an armoured brigade in Europe and one at home, and an infantry brigade in Korea and one at home. You would then have replacements. There would be an infantry brigade in Korea and an infantry brigade at home.

Mr. Claxton: And an armoured brigade in Europe?

Mr. Churchill: And an armoured brigade in Europe, as well as an armoured brigade at home. The situation now is that we have an infantry brigade in Korea, one in Europe, and what have we here? There is one at home. There is one on its way to Korea and one on its way back; that is about the way it works out. There is a parachute brigade, and then the one in Europe.

If we are talking about the same thing, an armoured brigade would use about 510 fewer men than an infantry brigade. You would have increased fire power and effectiveness through mobility with an armoured brigade as compared with what you have in an infantry brigade. I am speaking now of the situation in Europe. With about 510 fewer men, you would have 144 heavy guns in the tanks which would exceed the artillery component now attached to the brigade over there.

I wish to draw that to the attention of the minister, because I felt we were certainly discussing things which were not normally comparable. He was able to brush aside this suggestion of an armoured brigade for Europe because he said we were talking about something which was a military monstrosity. I think, Mr. Chairman, that it would be possible to devise formations that are not necessarily in accordance with war establishments as to the last man or the last gun that is required. During the course of the war that was done frequently. All sorts of formations were organized which might be called, by some people, military monstrosities. They turned out to be very effective. I suppose some people would suggest that Wingate's forces which were used in Burma were a military monstrosity, or that the desert patrol which operated in North Africa was a military monstrosity, or the special service battalion, and so on. I have not been discussing anything of that nature. I have been discussing simply the well-known armoured brigade.

In the last war we had the first and second armoured brigades. The British had several of them. The eighth British armoured brigade was very well known, and its strength was effectively used in conjunction with infantry formations. Why could that not be done now? The infantry formations supplied by other nations in Europe could be supported by the Canadian armoured brigade. That is what I am suggesting to the minister. I think this neglect of armour in the Canadian army is a very serious matter indeed, and could be corrected if steps were taken along the lines I have proposed.

Mr. Claxton: Mr. Chairman, two or three points remain on which hon. members have asked for information and on which I shall be glad to do my best to give them that information.

With regard to the question asked by the hon. member for Gloucester relative to the school at Rockcliffe, we were in the position where we had a considerable number of married quarters, and no school accommodation was provided by the local school authorities. In accordance with the practice we have followed right through the Department of National Defence wherever that condition exists, we established a school at Rockcliffe. It was established in accordance with the laws of Ontario. We follow that practice in each case where we have to establish a school.

The school was set up, the teachers were appointed, the curriculum was established and it was operated in accordance with provincial practice.

Then the school was later taken over by the city of Ottawa. The area surrounding it became part of the area of the city of Ottawa. It has continued in operation in accordance with the provincial law. If anyone has a suggestion to make that it should be divided or dealt with in some other way, I suggest that is a matter to be dealt with in accordance with the law of Ontario, and in accordance with arrangements made between the city of Ottawa, the province of Ontario and the Department of National Defence. We are complying with the provincial law.

Mr. Gagnon: Does that mean that the Department of National Defence has nothing to do with the school at Rockcliffe?

Mr. Claxton: Oh, yes; we operate the school in the same way that we operate every other school we have. We have about 40 schools for the children of serving personnel. We have them in nine out of the ten provinces in Canada. In each case we operate the school in accordance with the law of the province. We make arrangements with the board of education, under which a school board or similar body is set up to operate the school. In Ontario, we have schools at Barriefield, Borden, Rockcliffe and a number of other places as well. All are operated in accordance with arrangements made with the province.

The most usual arrangement is that we contribute the capital cost of the school, just as the local school corporation would ordinarily contribute the capital cost, and then the province contributes whatever proportion it would contribute to a school of that size and in that locality. Usually it is 50 per cent of the cost of maintenance. The province approves the selection of teachers, who must meet provincial requirements.

Academic standards, textbooks, inspection and the like are all according to provincial standards. The school operates in the same way as does an ordinary school operating under the provincial system, the only difference being that instead of having a school corporation there is the Department of National Defence which usually appoints the commanding officer at the station and the required number of others to constitute the school board or committee. In the case of Ottawa, however, because of the fact that the school is in the area which has been taken over by the city of Ottawa, we are now working under arrangement with the city of Ottawa.

With regard to casualties, I overlooked the fact that the hon. member for Winnipeg South Centre had queried the number. The number he gave was apparently picked out of the Canadian Press report which was arrived at by totalling the figures of casualty lists as they are issued without making subsequent adjustments. The number, as at April 15, 1953, is 1,322 battle casualties and 77 deaths from ordinary causes, making a total of 1,399.

The hon. member for Nanaimo called my attention to an error I certainly made, but which I might explain by saying that when we refer to a destroyer escort vessel or ship we think of a new modern type, none of which has yet been commissioned. The article in question referred to destroyer escort ships and in that more general category were included the modified destroyers which he had in mind. The hon. member for St. John's East also made some remarks with regard to the statistics relative to ships, and in order to make this matter perfectly clear perhaps I had better go over the facts again.

On April 14, 1953, at page 3810 of *Hansard*, I was reported as saying that we have in active operations 56 ships. That is not correct. If *Hansard* correctly reported me, then I was speaking without notes at the time and I did not make the full statement that appeared in the white paper as I intended to do, because in the white paper I stated that we expected to have 56 naval vessels in commission during 1953-54 and, in addition, a number of other auxiliary vessels.

With regard to naval vessels under construction, we have actually placed orders for 53 naval vessels, including auxiliary vessels, and are preparing to let contracts for 18 others, making a total of 71. Of these, 26 naval vessels and 10 auxiliary vessels are as of this date actually under construction.

This all relates to orders placed in Canadian shipyards. In addition there is H.M.C.S. *Bonaventure* which is being pressed on to completion at the shipyards in Belfast on the other side.

With regard to the observations of the hon. member for St. John's East with regard to discrepancies, between the article in *Canadian Shipping* by the chief of the naval staff and other statements, I would like to say again that these deal with different time periods. At page 25, paragraph 129 the white paper shows a total of 52 new vessels on order.

The article by the chief of the naval staff, at page 82 of the March issue of *Canadian Shipping*, shows the total number of ships in the approved program as 72. This latter

figure includes 18 ships the construction of which had been approved but for which contracts had not been let at the time the white paper was drafted. It so happens that the white paper and this article were prepared at a time when considerable changes were occurring in the figures. This article also includes five Gate vessels which, as is noted in the table on page 82 of the article, were completed but not under construction.

The white paper, in paragraph 130, states that six of the fourteen minesweepers have been launched and the article refers to eight having been launched. Two were launched during the period between the dates used in the white paper and in the article.

In my statement at page 3920 of *Hansard* for April 15 I said that all these minesweepers had been launched. By this I meant that I was informed that all had reached or passed a state when launching would have been practicable; but as hon. members know, in certain shipyards—for example, in Saint John, New Brunswick—construction is continued on the ways while in other shipyards the hull is ordinarily placed in the water while the ship is being completed.

Then the hon. member for Winnipeg South Centre referred to the question of body armour. I must say that I had not known of his inquiry at the time. We are using the lightweight body armour that has been developed in the United States. It is on issue to units of the commonwealth brigade in the proportion we agree on. We also have developed in Canada and have under further investigation a material which is comparable in stopping power to that at present in use. It shows promise of improvement in some other characteristics.

With regard to mutual aid, on checking over my notes I find that I did not answer a question asked by the hon. member for Nanaimo as to the shortfall. There it appears that, on the best figures so far available for the fiscal year 1952-53, there will be a shortfall of approximately $90 million. This is made up as follows; direct production, $9 million; air crew training, $7 million; equipment from the second world war, $32 million; a change in the method of charging for F-86's on mutual aid account, $9 million, although in the latter we are 40 per cent over our target on deliveries; equipment, $6 million. That makes a total of approximately $93 million. On other accounts we have delivered $2 million more than is estimated, arriving at a net shortfall of about $90 million.

With regard to the question of ammunition, raised by the hon. member for Winnipeg South Centre, the objection I take to his remarks—and I hope he will not mind my repeating it because it seems to me to be a perfectly reasonable objection or comment when one is responsible for raising troops—is in the use of such phrases, if I have noted the words correctly, as "shelled unmercifully because of lack of counter-battery activity." I think that was the phrase the hon. member used.

We have no evidence or report, and there is nothing in the record anywhere to indicate any basis whatever in fact for that assertion or suggestion. It is on that account—and I hope the hon. member will excuse me—that I say that on such matters one must speak with a great sense of responsibility. I described the situation with regard to ammunition before proceeding to the last meeting of the North Atlantic council, as we understood it, and I supplemented that description yesterday.

We are in this position in the Korean war. We are part of the commonwealth division and as such, with respect to most items, we are on the commonwealth supply line which largely comes from British sources. Sometimes we put articles of equipment into that supply line, but do not ship them direct to the Canadian brigade. In this way we sent at one stage 200,000 25-pounder shells to the commonwealth supply line. They were used by all the forces of the commonwealth, all of which are equipped with 25-pounders. But for other types of equipment Canada, unlike the other commonwealth countries, is relying on the United States supply line and that applies to other guns, our Sherman tanks and some other weapons. It would be totally uneconomic and impossible, I think, for us to set up a separate supply line of our own. And we work in close co-operation with the other countries.

The situation regarding ammunition was as described in the statements of Mr. Churchill and President Eisenhower, but I will go on, if the hon. member wishes, and read from the testimony of General Van Fleet when speaking before the Senate armed services committee on April 1:

Senator Kefauver: I believe you testified in previous testimony that all of the troops in Korea, from whatever nation they came—except perhaps the English and Canadian troops—were supplied with American ammunition. Is that correct?

General Van Fleet: No, sir. The British supply their own ammunition.

Senator Kefauver: I say all except the British are supplied with ammunition from this country.

General Van Fleet: Yes.

Senator Kefauver: Do the Canadians supply their own ammunition, or do we supply them?

General Van Fleet: We supplied them. They were equipped with our ·105 Howitzer initially; but as I understand that today, they are using the British ·25 calibre.

We were never equipped with the ·105. I continue:

Senator Kefauver: So we are probably supplying some of the Canadian units, and the English are supplying some of the Canadian units.

General Van Fleet: No, sir. I think it is all British today. The British division has organic artillery entirely of British make.

Senator Kefauver: How did your ammunition supply for our troops and for those that we were supplying compare with the reserves and the use by the British division that is in Korea?

General Van Fleet: I have never heard of a shortage of British ammunition.

Senator Kefauver: Do you know whether they had a larger proportionate supply than we did?

General Van Fleet: Their commanders stated they had a good supply.

Senator Kefauver: You do not know the details about that?

General Van Fleet: Yes, sir, I know the quantity they mentioned to me, which was greater than our quantity. I think that quantity is confidential. I will tell it to you in executive session.

I suggest that these statements taken together indicate that for the purpose of operations we have had the ammunition we needed. Now it is perfectly clear to anyone who has had any experience in battle that nobody has ever had, or ever will have, all the ammunition they want. General Bradley made an amusing reference to that in his own evidence in answer to a Republican congressman, Dewey Short, General Bradley said:

No artillery man ever had enough ammunition to shoot, any more than any preacher ever had a large enough congregation.

That is well known to all of us. Therefore in times of relative inactivity like the present the troops are rationed in the use of ammunition—they are often rationed during battles, as everyone knows—they are not rationed and they are not short when they need the ammunition for purposes of fighting, on occasions of great danger; and that is the position as I understand it today. But I think the fact is that despite all this talk about the shortage of ammunition, the United Nations forces have been firing ammunition at a rate which is ten times that of the forces who oppose them, and very much greater than all but the most extreme rates of either the second or the first world wars.

The hon. gentleman suggested that it would be better if he got this kind of information in the house rather than from press sources and press releases. Well, if the house spent its time getting this kind of information or that on aeroplanes, as suggested by the hon. member for Brandon, it would not have time to do anything else. This requires full-time operation by very large staffs of people to look after it, and to provide the house with up to the minute information on changes and developments in aircraft, ammunition, guns, equipment and the like, would very soon weary the house and prevent it from doing anything else. We also assume that hon. members have available to them the ordinary information that appears in the press or in magazine articles.

Reference was made by the hon. member for Calgary East to the F-86E aircraft, in which he questioned the statements that had been made about the superiority of this aircraft. The fact is, as I understand it, the new F-86E aircraft have earned a combat ratio of nine to one over the MIG-15 in Korea. That is quoted in the white paper, from the actual words of the report of the Hon. Robert Lovett, former secretary of defence in the United States.

The hon. member for Winnipeg South Centre again referred to our playing down the armoured corps. There is no intention of doing that and there is no indication of that being done. Everyone appreciates the great importance of armour and its proper place in any fighting team. What we have said is that it would not be in accordance with Canadian practice and would not meet the wishes of the Canadian people to have a Canadian armoured brigade which was not capable of operating independently. A brigade group which would be capable of operating independently would be a very large and much more costly team than what we have.

Mr. Churchill: What does the minister mean by saying that an armoured brigade cannot operate independently? Under what circumstances would he expect it to operate independently? Armoured brigades normally co-operate with infantry formations. Could not Canadian armoured brigades co-operate with British divisions in this way?

Mr. Claxton: Yes; but in peacetime in Germany, in order to have it exist, it would be necessary to integrate it very closely indeed with British units, British formations, so that it would have the services of supply, R.C.E.M.E., signals, army medical corps, hospital, post office and all the other services that our brigade groups have in order to permit them to operate independently. If you added all this to an armoured brigade so as to make it what I understand an armoured brigade group to be it still could not operate independently; it would operate always in conjunction with one or two infantry divisions, whereas our brigade group is in effect a small division with armour, with artillery, with signals, with engineers, capable of operating independently, and until recently it actually has been so set up as part of the army reserves.

Finally the hon. member for Calgary East referred again to some of the remarks that have been made about the equipment of the reserve forces. This has been gone over time and time again and I have no intention of going over the ground at length. But I must say this. We at national defence headquarters—and when I say "we" I mean the officers advising me, the chief of the general staff, the adjutant general, the quartermaster general—know of no shortage of equipment such as those referred to by the hon. member. They had not been called to my attention before except in the article in the Calgary *Herald*. What is extraordinary is that they had not been called to our attention in the meetings of the reserve association.

The meeting of the artillery reserve association took place in October after these changes had been promulgated. I have their resolutions here. Not one of them refers to any shortage of equipment for training. We met the officers of the association, and exchanged views in the freest possible way, as is the practice, and this was never raised. Then, later, the conference of defence associations met in a three-day session at Ottawa, and raised every conceivable question they could, bearing on the work and the good relations of the reserve forces. No question of this kind was raised by them.

What was done was that, in order to permit artillery regiments to make the best possible use of equipment that could be supplied to them for training purposes, the general officers commanding were given a pool of guns on the basis of entitlement of four 25-pounders per unit, where a regiment was located in one spot. That was done so as to reduce the amount of equipment on charge, to reduce maintenance costs and to reduce the need for storage space. There is no shortage of 25-pounders. We have been giving them away to our European allies and we still have ample left to meet all our needs until such time as they are replaced by 105's out of our own production.

With regard to tractors the entitlement was precisely the same, that is, four per regiment. Again there is no shortage. It is entirely up to the discretion of the general officer commanding. If one of the regiments has three instead of four, then no doubt it has been due to the exercise of discretion by the general officer commanding, or to the fact that one was being repaired, or for some other reason.

In respect of jeeps, we have decided to replace service jeeps for operational training with more modern types. That was done by putting in the hands of general officers commanding pools of jeeps to be used for this purpose. That was begun simultaneously with the beginning of their withdrawal, to renovate them and send them abroad. However, to replace jeeps at regimental headquarters used for administrative purposes, vehicles of commercial types have been issued. That issue is 80 per cent complete, and should be completed within the next month.

I hope I have answered all the questions, but if I have not perhaps we could deal with them when we are discussing the details.

Mr. Harkness: What about anti-tank regiments?

Mr. Claxton: I am sorry; I had forgotten to mention that. It is a difficult question; but the role of anti-tank regiments is a matter being considered by the British, the Americans and ourselves in close conjunction. It has not yet been decided, so far as Canada is concerned, whether this role will be carried out by armour or by artillery. However, it looks to me as if the old self-propelled anti-tank gun will be replaced right across the board by armour—that is, by tanks. As hon. members know, there has been very little difference between the two. The tanks we are getting have heavier and more powerful guns. However, so far as we can judge, the units will be the same, and will occupy the same roles, but will simply change their names.

Mr. Harkness: Does the minister mean that likely they will be transformed from artillery units to armoured corps units?

Mr. Claxton: That point is still receiving consideration. I said it was likely. However, I do not like to anticipate military decisions that have not yet been made, and the matter is still receiving consideration.

Mr. Pearkes: As reported at page 3822 of *Hansard* I asked a question regarding the plan being followed in the construction of permanent and non-permanent buildings. I asked as to where these were being built, and the number of troops that were to be employed permanently in Canada, for which quarters were being provided. Perhaps the minister would answer that question either now or when we reach the detailed part of the estimates.

Mr. Claxton: I would have to get the figures for the hon. member. However, when I dealt with the matter yesterday I referred him to those places in the report of the proceedings of the defence expenditure committee where that matter had been discussed. I referred specifically to June 12, 1952 and March 17 and 24, 1953. If the hon. member wishes to have additional information, or would like to have it in some other form, I shall be pleased to get it for him.

It looks as if the minimum number of troops we would have for Canada would be upwards of 104,000. Of that number 43 per cent are married. The proportion living in would depend of course upon our commitments in Korea and in Europe, as well as the number at sea, engaged in exercises and the like. However, it has been found necessary, as hon. members know, to build a very large number of barracks across Canada to accommodate the men actually there. We have not yet finished that operation. For example, on Sunday I visited Clinton air school. Most of the men there are doubled up, in order to take care of the peak load of those engaged in radar and wireless training. We expect that condition will continue in several of the air stations until we have passed the peak.

The Deputy Chairman: Order. Do I understand the general discussion has been completed?

Mr. Pearkes: I have one further question to ask. In the committee we were told we would have to ask the minister for a statement of policy. Do I understand it is the policy to provide permanent quarters for 104,000 troops, of all arms, whom the minister visualizes as being stationed in Canada in the future?

Mr. Claxton: Oh, no, sir. I was saying that the numbers we have reached are 104,000. However, 43 per cent are married. A very considerable number of those live either in married quarters, of which we now have about 20,000 units, or in privately-owned houses. Then we would have to subtract those who are serving abroad, so long as the Korean and North Atlantic treaty commitments continue. Then we have those serving in training schools in isolated units. What we aim to do is provide accommodation in our barracks for the balance, the steady population.

Mr. Pearkes: What is the steady population for which the minister is building permanent accommodation?

Mr. Claxton: I can get that figure for the hon. member.

Mr. Pearkes: I can understand the provision of temporary quarters to meet the Korean situation, which may not go on at the same scale for an indefinite length of time. But I would like to know the permanent population for whom the minister is making this provision.

Mr. Claxton: I shall get the figure for my hon. friend.

Mr. Fulton: I should like to ask a further question before the conclusion of the general discussion. My question arises from a statement made last night by the minister when he was discussing the present staff establishment of the deputy minister. The general explanation the minister gave for the fact that at the present time the staff of the deputy minister exceeds the total of the three staffs of the three deputy ministers for the navy, the army and the air force during the war years was that a number of functions formerly discharged by the strictly civil administration are now assumed by the deputy minister's office.

Perhaps I have not put it quite accurately; but the point I had in mind was that, as the minister said, while the three services were formerly responsible for the preparation of their own estimates, that is now done by the deputy minister's office. As I followed the minister giving the figures of the differences that would be accounted for by changes in function, I came to a total of approximately 50 which would be accounted for by increase in function within the office of the deputy minister, which would mean that at the present time, comparing the size of the staffs to the staff of the three deputies during the second world war, there would be 64 people in the office of the deputy minister now doing the same sort of jobs that were done during the war by 98, which was the maximum on the staffs of the three deputies. I know that a straight mathematical calculation does not always give rise to a valid comparison, but the discrepancy is still so large that I would ask the minister to give some further explanation.

If you take 64 on the staff of the deputy minister doing the same jobs that were previously done by 98 and then bear in mind the size of the forces today as being approximately 100,000, you get a ratio of about 1 to 1,500, whereas if you take 98 on the staffs of the three during wartime and divide them into the number in the services during the active stages of the war, being approximately 900,000, you get approximately 1 to 9,000. Therefore your ratio is 1 to 1,500 as against 1 to 9,000. It is a sufficiently impressive difference that I think we should ask the minister for some further explanation as to whether in fact there is not a tendency to increased staff which is not warranted by the size of the operations being undertaken.

Last night the minister, in starting that portion of his remarks dealing with the problem, gave the following explanation in partial justification for the tendency to increase staff. He said, as reported at page 3925 of *Hansard*:

Hon. members have referred a great deal to the Currie report, and some hon. members have heard

that report discussed before the special committee on defence expenditures. They will find from the evidence that the statement I made in the house on January 13 was completely confirmed, that is, that a major factor in the lack of control which gave rise to my appointing Mr. Currie and the making of his report was the lack of sufficient staff to do the job. Actually we are understaffed today in the Department of National Defence.

That is the minister's statement, which must be read in the light of the fact that there is this disparity in the ratio of the deputy minister's staff to men on strength as between now and wartime of 1 to 1,500 as against 1 to 9,000. This also makes me ask the minister for a further explanation when I read that statement which I have just quoted in the light of what the minister was saying back in 1948 as to the basis on which Canada's defence forces were then being organized. In 1948, I might point out, we were appropriating approximately $250 million for defence purposes, which was a very large figure up to that time for peacetime establishments. The minister, in outlining Canada's defence objectives and programs and the reason why that amount was being asked for, made the following statements as reported at pages 5784 and 5785 of *Hansard* for June 24, 1948:

Against this background it is now possible to set down Canada's present defence aims and objectives. They are: . . . (2) to provide the operational and administrative staffs, equipment, training personnel and reserve organization which would be capable of expansion as rapidly as necessary to meet any need.

Then at page 5785 he said:

Our plans are being made now for up to five and even ten years ahead, with changes provided for to meet expected developments.

Then a little later he said, "Our plans are flexible." Finally, at the bottom of the first column on that page there is the following:

Secondly, the active army is to provide the administrative and training staff—the cadre of officers, N.C.O.'s and tradesmen—to train the reserve army and with it form the nucleus for as large a force as Canada may need.

With reference to the first quotation from 1948, namely to provide the operational and administrative staffs, equipment, training personnel and reserve organization which would be capable of expansion as rapidly as necessary to meet any need, I realize of course that this must be read and taken in the light of the fact that it was pre-Korea, and that the staff then actually in being had to deal with personnel numbering in the neighbourhood of perhaps 35,000. But it must obviously be—and I think this is surely a correct statement—in the contemplation of any minister or department of national defence and their planning staffs that their eventual job in the final analysis is to meet what may happen but which we hope will not happen, the eventuality of war. Therefore when the minister said "would be capable of expansion as rapidly as necessary to meet any need" I think we must take it that ultimate eventuality was in mind.

We are left confronted with the situation that two years prior to Korea the minister said that plans were being made then to provide the staff and administrative organization capable of expansion as rapidly as necessary to meet the need and form the nucleus for as large a force as Canada might need. One can understand that in 1950, on the outbreak of the Korean war, there would necessarily be a considerable period when expansion of the organization lagged behind the immediate requirements. That would be inevitable and necessary and not open to criticism; nevertheless the possibility of a shooting war must have been foreseen, although not in the exact form it has taken, and it seems to me that we require an explanation as to why in 1953, three years after Korea, the minister is still saying that "actually we are understaffed today in the Department of National Defence".

Two years before Korea, five years ago, we were told that Canada's defence program then provided for a staff capable of expansion as rapidly as necessary to meet any need. The need arose in 1950, two years after that statement; but now, three years after the eventuality which occurred in 1950, we are still told that we are understaffed.

I put these considerations before the committee and the minister because, while I know we cannot be dogmatic in these matters and cannot be unfair, it does seem to me that the situation, with all the serious consequences of a breakdown as revealed in the Currie report—a breakdown which might not have exposed the department to criticism had it been confined to the first year following the outbreak in Korea—does raise very serious considerations when we find it still continuing three years after the outbreak in Korea, especially in the light of what the minister said two years before that outbreak.

It seems to me that it also requires quite a lot of reconciliation of the circumstance that we find at the present time in one part of defence headquarters, the staff of the deputy minister, numbers of staff giving us a ratio of 1 to 1,500 men in the forces against a ratio of only 1 to 9,000 during the period of active war. I would ask the minister to please enlarge on the difficulties and give us some explanation of why it is that he is compelled to say, three years after Korea, that they are still understaffed in the Department of National Defence.

Mr. Claxton: I would be very glad to, Mr. Chairman. The reason is that the operations, measured in terms of construction and acquisition of equipment—that is, measured in terms of material or money—have been much larger since Korea than they were at any comparable period of the second world war. They consequently have required and should have required a larger staff. Unfortunately we have not had that larger staff and, as Mr. Currie said, there was a breakdown of the accounting, not in the department but in a single branch, the army works services. That was something we knew before. Mr. Currie did not tell us that because it had been reported on before and we were seeking to get staff to remedy the situation. We are still short of staff and having difficulty in getting it.

With regard to the size of the deputy minister's staff, ratios are very interesting indeed; but with an operation of the size and nature we have with the navy, army and air force totalling 104,000, located in six different countries, carrying on all the operations of training and fighting and doing those in peacetime, then I suggest that you have a situation which is far more complex in character, though not nearly as large in size, than anything that existed in the first or second world wars.

The office of the deputy minister of national defence today in its burdens, in its day to day grind, in the volume of work that he has to see to and also in the number of conferences with other countries and other departments at which he must be represented, I venture to say is at least as great as the sum of that of his three predecessors in the department. When we co-operate with the United States and Great Britain so closely it may take only one man to represent Canada for any one purpose, but it does take one. Because Canada has one-fifteenth of the effort of the United States, or whatever the fraction is, it does not mean that we can send one-fifteenth of a man to a conference. We still have to be represented by one man, and that is the reason ratios are not so relevant in this regard.

With regard to the build-up, we have always had these objectives. In 1948 the objective was to get staff to do the job. The staff was just good enough and just big enough to enable us to get into the Korean business without too great dislocation. What we are doing today is representative of about 25 per cent of the war effort. It is about 25 per cent, measured in terms of men, money and materials, of our wartime activity.

Having raised the Korean force we were immediately faced with the consequences of having done the job pretty quickly and then, at once, we were landed with the job of raising the 27th brigade and the units for Germany and Europe. While they were very much smaller in size they were just as complicated in the arrangements that were required, as would have been the case in sending abroad a force ten times larger. But once again, when you come to measure the thing in terms of construction and equipment, materials and money, the development during this period has been greater than that in any corresponding period during the second world war. That was the only relevance of the figures I gave, comparing the defence activities with the figures I gave yesterday.

Mr. Fulton: From the first part of the minister's answer do I understand him to say that what has happened in the sense of construction, accommodation and other installations of that sort, post-Korea, is of a nature and scale not envisaged at the time his statement was made in 1948? That was the indication I took from the minister's answer.

Mr. Claxton: It was envisaged, but that did not affect the staff in 1948. The plans in 1948 provided for a build-up of staff to do a major job, but we did not get the build-up of staff in the time we wanted although we still had to do the job. The same situation exists today. If we were to be landed with a third world war overnight we of course have very full plans for mobilizing the effort of the nation and getting the thing going so that all our resources would be used to the fullest possible extent in the shortest possible time. That very operation would involve taking into headquarters here and across the country in the commands officers and civilians whose names we have set opposite their places.

Mr. Fulton: Do I take it—and the minister will appreciate that the question is not intended in any personal sense—that three years after the outbreak in Korea, in the light of the statement he made in 1948, it is still logical and satisfactory that he is still understaffed in the headquarters of national defence? Is the minister satisfied first that he is actually understaffed and second, that it is unavoidable that three years after the outbreak in Korea he should still be understaffed?

Mr. Claxton: The minister is never satisfied with anything; but I do take the view of the chief auditor, Mr. Currie, and the deputy minister that we are understaffed in respect of services having to do with financial control.

Mr. Fulton: Only in that respect?

Mr. Claxton: Although I am speaking from memory I think there are between 1,500 and 2,000 civilian vacancies in the establishments that have been created by the civil service

commission and approved by the treasury board and the Department of National Defence.

Mr. Fulton: That was the figure given with respect to the army works services, as I recall the discussion on the Currie report. Do I understand the minister to use the word "understaffed" now and last night in the sense only of accounting control personnel, or to apply it generally to all activities of the defence department?

Mr. Claxton: It would be necessary to look up the schedule. The shortage of staff does not apply only to the army works services, although it does not apply right across the board.

The Deputy Chairman: Order. It would appear that the general discussion has terminated and I might remind hon. members that it was agreed on Tuesday that following the termination of the general discussion we would proceed to call items in the blue book, commencing on page 295, subhead by subhead. Therefore if it is the wish of the committee I shall proceed in that manner.

Departmental administration, including inspection services.

Mr. Harkness: Mr. Chairman, I spoke in the general debate in connection with the large increase that had taken place in the number of personnel under this heading and also under similar headings for each of the other services. The minister has not yet given any explanation of why it was necessary to increase civilian staff under "departmental administration" in Ottawa from 1,200 odd in 1951-52 to 2,512 in 1952-53 and then to 3,599 for this current year. That seems a very large increase, and I think we should have some explanation of why an increase of 200 per cent in two years is necessary.

Mr. Claxton: A single item accounts for much more than half of the increase, and it is the size of the inspection service. That is due to the increased load we have to carry for the acquisition of equipment.

Mr. Harkness: Mr. Chairman, it seems that the acquisition of equipment could hardly account for this 200 per cent increase, because we were acquiring a considerable amount of equipment in 1951-52. As a matter of fact, that was the equipment we acquired over the period we were looking into last year in the defence expenditure committee; and very large amounts were involved. Since that time we have had this 200 per cent increase, and it seems to me that either there are other explanations or there are too many people there.

[Mr. Claxton.]

Mr. Claxton: The increase is, as I said, almost entirely due to the increase in the size of the inspection service. The number of positions in 1952-53, as set up, was 2,512. The increase since is 1,087, for a total of 3,599. Of these, 1,833 were in the inspection service in 1952-53, an increase of 953 for a total of 2,786. In other words, out of a total increase of 1,087, 953 are in the inspection service. That is accounted for by the increase in the amount spent on equipment. You will see that going up year by year. In 1950-51, it was $144 million; in 1951-52, $486 million; 1952-53, $692 million; 1953-54, $923 million.

Just to complete the picture I should add that we do the inspection work for the United States armed forces, and additional inspection officers have to be taken on to cover this part of the operation. We now supply the United States with a considerable amount of equipment.

Mr. Nickle: I was interested in the minister's explanation of the increase in civilian staff in the administration of the Department of National Defence. If I may, I should like to ask the minister some general questions concerning the total number of civilians employed by the Department of National Defence both in the administration and in the three services. I notice that the total amount in the new estimates set aside as civilian payroll for the defence department amounts to about $87,999,000, which is an increase of $18 million over last year and represents an increase of about 26 per cent. This includes, of course, the classified employees plus the casual and prevailing rate help.

In terms of numbers, the classified establishment of civilian staff presents some rather interesting increases. These estimates show a total of 25,090 civilian staff plus, according to the white paper, approximately 19,800 currently engaged as casuals and prevailing rate help. The total classified civilian staff for the current year represents an increase of about 22 per cent over the past year, an increase in numbers of about 4,460 people. I notice that as between the past fiscal year and the year prior to that there was an increase of 30 per cent, again an increase in the total number of civilian personnel of 4,835. The minister has given an explanation as to why the civilian personnel engaged in administration increased so sharply. It was mainly due to an increase in the inspection staff. However, in the total number of civilians employed in the Department of National Defence, we have some rather remarkable increases in what you might call the junior classifications.

I notice that in the matter of typists we have an increase as between last year and the current year of 518, the total being 1,861. This figure corresponds roughly, I believe, to about one civilian typist for every man we have engaging the enemy in Korea. Percentagewise the number of typists has increased 39 per cent compared with last year. I might add, however, that there has been a decrease in one type of civilian help which, while I am glad to see it, may perhaps not be for the best in the light of the large increase in the number of typists. I refer to the number of civilian typewriter inspectors and repair men employed. In this category we have a 25 per cent decrease compared with last year. The number dropped from a total of 12 to a total of 9. In view of the fact we apparently have such a large increase in the number of typists engaged, and thus in the number of typewriters used, the minister might give some consideration to ensuring that an adequate staff of typewriter inspectors and repair men is engaged to service this large increase in typewriters engaged in the paper war.

In another classification we have stenographers. During the current year the total number of stenographers engaged by the department in the civilian establishment is 1,345, which is an increase of 253 compared to last year. Percentagewise it is an increase of 25 per cent in that particular class. In the classification of clerk we have an increase over last year of 931 the present total being 4,471. This represents a percentage increase of about 27 per cent in that category. According to the white paper the members of the active force currently engaged in our commitments under NATO, for Korea and for the defence of Canada number about 43,200, whereas we have in the classification of administration just over 25,000 civilian employees, something like 6,000 service personnel engaged in commands and administration, and of course an additional 19,800 civilian employees in the category of casual and prevailing rate. This makes a total of 50,800 civilians or military personnel who may be said to be engaged in administration. This figure of 50,800 exceeds by a very substantial degree the total number of active service personnel, 43,200, who are actually engaged under NATO, for our Korean commitments or in the defence of Canada. I wonder if the minister could give us some explanation for this sharp increase in the number of civilian personnel this year as compared with last.

Can we assume that these increases, ranging from 20 per cent to over 30 per cent in the various classifications of civilian employees, are going to be reflected in any comparable increase percentagewise this year in the number of men actually engaged in the active forces of our country?

Mr. Claxton: Well, sir, the activities of the men engaged in Korea have, as the hon. member knows, no relationship to the number of stenographers, and vice versa. I do not need to press that point. The fact is that we have tried to get just as big a proportion of the job of national defence done by civilians as possible, for reasons which I have made clear on a number of occasions. Upon comparison I find that we have just about the same proportion of service to civilian personnel as they have in the United Kingdom and in the United States; that is about 1 to 2.5, one civilian to 2.5 service personnel. Since we believe the number of operational troops is comparable, that would seem to be, on any basis of comparison, a fair result.

With regard to the various categories which the hon. member mentioned, as he knows the establishments are set up only after an examination by the civil service commission. We have working in the commission a team consisting of service personnel, representatives of the deputy minister, of the treasury board and of the civil service commission itself. They look and see whether or not it is necessary to have an additional employee in any spot. Before an additional employee is appointed the establishment has to be created. I can assure the hon. member that there are far more refusals to create an establishment than there are approvals. This can be turned down at probably 15 to 20 stopping places before it gets approved. However, in the last result, if it does pass the civil service commission it then has to be approved by the treasury board, which has its own officers right in our department checking up to ensure the greatest possible efficiency. Therefore if a civilian establishment is created it is because a job needs to be done and it is usually created about six to nine months after it is first requested.

With regard to typewriter repairs, they are done to the greatest possible extent under contract. We hope to get out of the typewriter repair business ourselves as much as we can. These typewriter inspectors are able to service typewriter machines. We try to replace civilians by civilians in continuing non-combatant jobs, and we also try to replace service personnel by civilians in continuing non-combatant jobs. In the work of ordnance depots and other similar activities, we should like to see the depots run or managed by civilians with as few service personnel as possible in order to secure continuity and a professional attitude

on the part of our civilian service. We are endeavouring to acquire more civilians of a higher quality or grade in order to bring that situation about. I can assure the hon. member that this matter receives the most continuous attention not only from the department but from the civil service commission and the treasury board.

Mr. Harkness: In view of what the minister has just told us about replacing military personnel with civilian personnel at national defence headquarters here and at other places, can he give us the comparable numbers of military personnel employed here at national defence headquarters for the years 1951-52, 1952-53 and an estimate for 1953-54, something like the figures we have shown on page 297 of the estimates, for 1952-53 and 1953-54.

Mr. Claxton: March 31, 1950, 2,207; March 31, 1951, 2,229; October 31, 1951, 2,310; January 31, 1952, 2,362; April 30, 1952, 2,425; January 31, 1953, 2,447.

The Chairman: Shall we pass on?

Mr. Harkness: I take it from these figures that the policy of replacing military personnel by civilian personnel at the headquarters, although a large number of civilian personnel have been added, has not succeeded in reducing the number of military personnel. The number of military personnel has continued to mount.

Mr. Claxton: In just a year we have had an increase of 22 in a total of 2,425; that is 1 per cent. During the year the operations have increased more than that extent in complexity.

Mr. Harkness: The general point I was making was that it appears from the various figures the minister gave as at the end of March, 1950, 1951 and 1952 and so on, that there has been an increase in the number of personnel, so it would appear that the policy of replacing military personnel has not been unduly successful; at least it has not been successful to the extent of reducing the numbers of military personnel at headquarters.

Mr. Claxton: I think that is correct.

The Chairman: Shall we pass on?

Mr. Adamson: No. I want to ask the minister a question as to the three officers mentioned here, the co-ordinator of works and accommodation, the director of bureau of current affairs and the director of public relations. I should like to know what are the functions of those three officers.

[Mr. Claxton.]

Mr. Claxton: The co-ordinator of works and accommodation has charge of the acquisition of real estate, the handling of real estate matters, the settlement of claims and the like. For example, recently his time had been almost fully occupied in connection with the acquisition of an area of 440 square miles at Gagetown. The director of the bureau of current affairs is in charge of the information services supplied to the officers and men of the armed forces, including the publication of *Current Affairs*, the supply of wall maps, movies, news and so on to the troops at home and abroad, courses that are given to officers in instruction and group leadership and so on—the kind of thing that was mentioned by the hon. member for Cape Breton South a few days ago.

The director of public relations handles releases of information with regard to casualties, promotions and other matters of general news, and generally facilitating the flow of news to the press and other agencies for the dissemination of information.

Mr. Adamson: Has the minister any estimate of the cost of these two officers, the directors of public relations and the bureau of current affairs? What is the over-all cost in the current year of the operation of these branches? Just the salaries are given here.

Mr. Claxton: The directorate of public relations has salaries, $52,360; travelling and removal expenses, $30,000; freight, express and cartage, $500; telephone and telegraph, $3,000; maps, engravings, information material, $40,000; office equipment and supplies, $37,000—that is largely photographic supplies; and sundries, $5,000; or a total of $167,860. The bureau of current affairs has salaries of $112,290; travelling and removal expenses, $20,000; printing and publications, $100,000; office equipment and supplies, $5,000; sundries, $40,000; or a total of $277,290.

The Chairman: Shall we pass on?

Mr. Adamson: No. It is six o'clock.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Adamson: I have one question I should like to ask the minister. I have been trying to get an answer to it for a number of years. I notice that this administration service covers a great number of people. At the camps I have had—as I think most men who have visited the army establishments have had—some criticism from the training administra-

tive and also general staff officers about the excess work they have had to do on the housekeeping level. I refer particularly to looking after the accounts for such things as the grocery store, the general stores and the other stores that are set up to look after married quarters.

In these major camps there has to be some sort of place where the groceries, food and other things can be bought. At Petawawa, for instance, the turnover is in the nature of many hundreds of thousands of dollars a year. While it is not public funds, the auditing and the administration of those stores is a matter for which staff officers have to take a certain amount of responsibility. It takes a great deal of their time which could normally be devoted to training, to organization, or, as we used to say, to getting on with the war.

It seems to me a very strong case could be made for the establishment under our military set-up here of an organization similar to the NAAFI in the United Kingdom. I have had a number of officers in the permanent camps complain to me that they had to spend so many hours per month auditing the books or answering complaints of soldiers' wives about goods they had bought in the grocery store. That is something which should be taken away from the military side and put on the civilian side, or put on some sort of permanent basis. The training officers, the responsible officers in these camps should not have to be bothered with the organization of these grocery stores and other stores that serve the civilian personnel. Can the minister say whether that is under consideration, or whether anything is likely to be done about it?

Mr. Claxton: Yes, it is under consideration. We have a great number of establishments in the navy, army and air force. We try to keep them on about the same lines in so far as their functions are the same. At isolated centres they have to operate stores. These stores are usually operated by regimental institutes, or the like. We have given a great deal of consideration to the introduction into Canada of a system like NAAFI. We were going to call it CAAFI in Canada, but we have decided not to do it at once but to look further into the possibility of introducing this type of civilian organization to operate service stores and establishments. Of course this is all outside government moneys.

Mr. Adamson: Yes, I realize that.

Mr. Claxton: And they are profitable institutions. The question is how they are to be operated. Who is to operate them and who is to get the profit from them? And of course who is to control them? Well, the navy and the air force are quite content with their service set-up. The army would prefer to have something corresponding to NAAFI, and these differences relate quite a lot to the difference in function of the three services. The navy has ships which do not quite fit into the ordinary NAAFI pattern. The air force does things very well in its permanent stations. The army feels it would be desirable to have these stores operated by a civilian agency.

We have given a great deal of thought to that; we have had a great deal of experience on it in the post-war period in the three services in Germany, in France and in England, as well as in the Far East. I can say that the matter has been given very close consideration indeed. The great thing must be to secure effective control of an efficient operation. So far we believe that we have both the effective control and the efficient operation; but it might be more effective and more efficient as regards the army at least if it were put more in civilian hands.

Mr. Adamson: My point in raising the question was the amount of time that has to be spent by the executive headquarters staff at a camp like Petawawa or Borden in looking after these stores. I am glad to know that something is being done, because I know it will relieve the officers of a great deal of responsibility, since very considerable sums are involved.

I should like to ask the minister a question about the messenger service. I see listed here a senior messenger and confidential messengers, and another item with the general heading "messengers". I assume that this service is rendered at headquarters. I cannot say whether or not it covers the commands. I note that about $100,000 or more is involved. What is the sum spent on messengers and how many of them are at national defence headquarters? How many vehicles are there under the director of supply and transport that are doing a job connected with the messenger service?

Mr. Claxton: The hon. member has indicated the total amount in all these pages spent on the messenger service?

Mr. Adamson: Yes.

Mr. Claxton: I do not find in any item a total figure such as the one he mentioned. It would be necessary to go through these items and get the information he has requested.

Mr. Adamson: How many motor vehicles are there at national defence headquarters doing the jobs of messengers? What does the minister do when he wants to send a

messenger from the House of Commons to his office at national defence headquarters? Does he have his own confidential messenger with a car?

Mr. Claxton: Cars would be made available from the Canadian army service corps garage on Catherine street to meet those requirements. Then there is always one attached to the Prime Minister's office in the east block, and one attached to the minister's office in the Department of National Defence. They are kept pretty busy going back and forth. Apart from that, no cars are earmarked for messenger service.

The Chairman: Then may we pass on to the next group of items?

Royal Canadian Navy—Active force and general.

Mr. Adamson: I see here five items for gardeners totalling about $50,000. Why does the navy have to spend that amount of money on gardeners? Are they attending marine gardens? It does seem unusual, particularly in the navy.

Mr. Claxton: Hon. members know that the navy derived some of its best support during the second world war from the wheat farmers of Alberta, Saskatchewan and Manitoba. Perhaps some of the so-called gardeners are there. This relates to the work of keeping in order the grounds at Esquimalt on the west coast—which are quite considerable, I might say, but still inadequate—as well as those at Halifax in the east, and at Dartmouth across the harbour. Then there are 22 naval reserve divisions, all of which have grounds to be kept in order. Altogether there are more than 40 major divisions of the navy ashore, all of which have grounds around them which must be kept up.

Mr. Adamson: So far as I can see the other services do not have expenditures for gardeners. It is somewhat incongruous to find the navy, which is supposed to operate at sea, with this expenditure for gardeners.

Mr. Claxton: I find at page 304 of the details several items for gardeners in that part of the estimates concerning the army.

Mr. Adamson: In my day in the army the defaulters used to do that sort of work.

Mr. Claxton: We do not have enough defaulters.

Mr. Pearkes: When I spoke the day before yesterday I referred to the conversion of the former destroyer *Algonquin* to an escort vessel, and pointed out that the work of changing her from her former role was carried out by Yarrows at Esquimalt. According to a statement made at one time by the minister the *Algonquin* was to be the prototype of other vessels which were to play a similar role. Then the next vessel to be converted from a destroyer to that of an escort vessel, namely the *Crescent*, had her conversion carried out at the dockyard at Esquimalt.

It seems to me the experience gained at Yarrows in connection with the original conversion, and in drawing up the prototype plans, was lost when the second vessel was taken to H.M.C. dockyard at Esquimalt for conversion. Surely it would have been more profitable to have the same work carried out at the same shipyard, instead of going to a competitor in the form of a government-sponsored dockyard. If the information I have received is correct, the original contract for *Crescent* was given to Yarrows, but after the work had been started it was switched to the dockyard. Surely that type of operation not only discourages the civilian shipyards but also means delays in production. There must have been delays in the converting of the second vessel. Would the minister tell me why the switch was made from Yarrows to the dockyard?

Mr. Campney: Mr. Chairman, perhaps I might be permitted to deal with the hon. member's question. The conversion of the *Algonquin*, as he states, was done at Yarrows, and reconversion of the *Crescent* at the naval dockyard is following the same pattern. It is my understanding that when a lead yard —and we try to keep a number of them fully occupied—does a job such as was done on the *Algonquin* the plans and specifications and all the details of what has been done become the property of the navy and may be used in any other yard.

That is the first point. The second point is that the maritime commission keeps under surveillance all the different lead yards in Canada, and the disposition is to see that they are all occupied as far as is reasonably possible. With respect to reconversion of the *Crescent*, whatever yard might do the work would, as I have said, have the advantage of all the work that was done at Yarrows because all plans and specifications accrue to the crown. The disposition of these ships made by the maritime commission is such that they go to different yards at different times for different purposes in order that all lead yards may be reasonably utilized.

Mr. Pearkes: I presume the minister realizes that Yarrows shipyards are a private concern whereas the dockyard is government-owned and in this case is in direct competition in shipbuilding with the civilian shipyard located in the same city. I should

think that the original purpose of the dockyard was to repair government ships, and it is hardly its role to enter into the shipbuilding business and undertake work which is normally performed by private shipyards. I think the minister will agree with me that the job done by Yarrows on the *Algonquin* was excellent, and there would seem to be very little encouragement for the civilian shipyard on the west coast where there are not too many orders, I can assure you. Men have been laid off by Yarrows because of these switches of contracts, according to the information I have received from these yards.

I feel that very little encouragement is offered to the civilian shipyard to go into naval construction if, after having had all the difficulties of producing the prototype vessel, the next vessel, in connection with which they could have utilized the experience gained by their draftsmen and technicians in producing the first vessel, which would make it easier for the shipyard to produce the second, is taken away from them and given to a government dockyard. I hope the minister will bear in mind that it is most essential that we keep shipyards on the west coast alive, and I think some restraint must be exercised in giving orders to the government dockyard in preference to the private enterprise shipyards.

I do not know that I can say any more about it. I do feel that is a consideration which should be borne in mind. Does the Minister of Defence Production wish to say something?

Mr. Howe: My hon. friend suggests that the lead yard should do all the work in the type of vessel in which it leads. Of course that is not the idea of preparing Canada for war. We try to give several shipyards experience in the type. For instance, Vickers is the lead yard in the new type of escort destroyer and perhaps could turn them out like sausages, but instead of that we have several yards working on the escort destroyer, including two yards on the west coast. The purpose is to build up an industry that has the technique to meet a war situation. That explains the *Algonquin* and why the sister ship, the *Crescent*, was put in another yard. My hon. friend says we should always use private industry in preference to government industry.

Mr. Pearkes: I did not say that.

Mr. Howe: I can assure him that we have civilians working in both, and they all have to be kept employed. As a matter of fact, about a third of our war contracts for ships are placed on the west coast, which is about the proportion that should be placed there. I think the yards on the west coast engaged in purely naval work are employed to the full extent of any yards in the east. Of course some of the eastern yards supplement such construction by commercial work which they find through their own initiative, but I doubt very much if an analysis of purely naval work would show any lack of attention to the west coast.

Mr. Pearkes: Of course I did not say that all the work should be given to civilian shipyards. The minister put words in my mouth which I never used, and the record will show that. All I am saying is that a fair share of the work should be given to the civilian shipyards, and I question very much whether there was any advantage in this particular case in placing the second vessel in the government dockyard rather than giving it to one of the civilian shipyards. There are two shipyards in Victoria, but instead of giving the second vessel to one or other of them it was given to the dockyard.

However, the explanation has been given and the contract has been let. We cannot take it back. I can only express my regret that some consideration was not given to the civilian shipyards, and I can only hope that in future the civilian shipyards, as opposed to the government dockyard, will be given their full share of shipbuilding construction. If we are in a hurry, and if we are anxious to get these vessels built by the target date, we shall have to take full advantage of the experience that has been gained.

The second point I want to discuss is the question of the removal of the magazine from Colwood to Rocky Point. According to information I have, which information has been given in the house and in the press, the Colwood magazine is being removed to Rocky Point. I think Rocky Point is somewhere between 15 and 20 miles to the west of Esquimalt. Colwood magazine is located on the western side of Esquimalt harbour.

Can the minister say when Colwood magazine was completed and how much its construction cost? My recollection is that it was only built in recent years at very considerable expense. It is not a storage but an expenditure magazine. It is not for the purpose of storing reserves of ammunition but merely to have sufficient ammunition on hand to replenish the supplies carried on vessels which may be expended during training or operation. The main reserve magazine is at Kamloops, and in the past the reserves have been railed to the expenditure stores at Colwood.

According to our information the magazine is being moved to Rocky Point, which is an

exposed promontory of pretty flat ground. As it is outside the inner defences of Esquimalt harbour, ships that come into Esquimalt harbour will be required to move around to Rocky Point where additional jetties will have to be built, and where there will be very limited if any opportunities for concealing ammunition stores. If this ammunition was going to be placed back in the hills farther inland and concealed I could understand the advantage of moving it from Colwood; but they are placing these buildings on an exposed and very conspicuous promontory of land.

The expenditure, we have been told, is to be somewhere between $5 and $6 million, which is a pretty considerable expenditure of money. I do not know whether that will cover all the construction work. I would like to know when the Colwood magazine was completed, and the real reasons which are behind the move of this magazine from Colwood to Rocky Point.

Mr. Campney: Mr. Chairman, may I make a few observations with regard to the hon. member's question regarding shipyards on the west coast. I am reasonably familiar with the situation, I think, and the principal shipyards are being constantly surveyed by the maritime commission and are all being kept busy. I happened to be in Vancouver last week when they took the hull of one of the new destroyer escorts from the Burrard shipyard at Vancouver to Yarrows at Esquimalt for completion there. I think careful investigation by the hon. member would show that all the principal yards are kept busy.

The reconstruction of the *Algonquin* was not reconstruction as a ship but rather reconversion in many respects including the electronic side. The naval dockyard has the capacity to do that type of work. The desire generally is to keep all shipyards reasonably busy for the reasons which the Minister of Defence Production has mentioned. I think that is being done on the west coast and probably on the east coast as well.

With regard to the Rocky Point magazine, my information is that there were three major reasons for the establishment of this magazine. It is a large project, admittedly, but it is located in a district where there is not now and where there is not likely to be any housing development or expansion of the rapidly growing city and its environs, and therefore there is a large safety belt around the magazine. That is important. Also a study of the terrain, according to the experts, has shown that it is suitable to the type of construction envisaged. Lastly, the magazine is close to Esquimalt, which facilitates transportation of ammunition from ships coming in for overhaul or maintenance. They take all the ammunition off, I understand, when a ship goes into the yards for refit, and pick it up later. The new magazine will be a permanent installation of some magnitude to serve Esquimalt in the future.

Mr. Pearkes: It is some considerable distance from Esquimalt, as I have already pointed out, and it will mean that the vessels which have been in to Esquimalt will have to go out again.

There is another point in connection with it, and that is that the area of Rocky Point has been served in the past by country roads which have not been constructed in any way to meet heavy traffic such as is bound to occur during the construction of this magazine and when the ammunition is being put into the stores. That is what is known as an unorganized area. There is no municipality there. The roads are country roads with country bridges, and there is a prosperous farming area lying between the city of Victoria and Rocky Point known as the Metchosin district. The residents in that area are not in a position to maintain their roads, bridges and so forth in order to carry the heavy traffic which is inevitable when the construction period starts.

I hope that in the $5 million to $6 million being set aside for the construction of the storehouse, the roads within the area, the jetties, the administrative buildings and so on, provision is also made to assist the district in maintaining the roads leading from Esquimalt or Victoria into that area even though the approaches are outside of the actual property which the department has bought; because I can assure you, Mr. Chairman, that it is quite beyond the capabilities of that rural district to develop roads in order to carry the heavy traffic and then to maintain them when all that heavy military traffic is being carried. Has a sum of money been included in the estimates in order to maintain the approaches to that magazine?

Mr. Campney: We have not arrived at the stage of allocating various amounts of money for specific purposes, but I can assure the hon. member that his representations in regard to that question will certainly receive attention.

Mr. Pearkes: Thank you. That will be very much appreciated because I know it is a real need.

The only other question I have to ask under this item is in respect of the hours of work of certain classes of civilian employees in the dockyard and at *Naden*. Can the minister tell me whether the majority of the employees in the dockyard and the civilian employees at

Naden are on the 40-hour week, and whether the firemen employed in those establishments are also on the 40-hour week? I have had numerous letters sent to me complaining of the hours which the firemen are expected to work in the dockyard or at *Naden,* and that they exceed the 40-hour week which I believe is generally in vogue in so far as employees on the Pacific coast are concerned. I believe that it applies to the majority of other classes employed in the dockyard and at *Naden,* but can the minister tell me?

Mr. Claxton: Mr. Chairman, as I think the hon. member knows, in establishments in which the Department of National Defence employs civilians, the kind of worker who works in a civilian occupation, the rates are fixed by the Department of Labour on the basis of rates and conditions of service prevailing in the community. Hence we have the description "prevailing rates employees". The Department of National Defence conforms to the general pattern of government policy as determined by the regulations, and the Department of Labour is asked to advise the Department of National Defence, and then the treasury board, whether the conditions of work including the hours of labour and rates of pay are correct. In that respect we follow whatever is the pattern of civilian employment in the community.

Mr. Pearkes: I realize that, but from the information I have received, and I might say petitions which I have received from the employees, they feel that they are not receiving the same privileges that are granted to civilian firemen in the area; and the prevailing hours of work are not applied to the firemen at *Naden* and the dockyard. The hours of work which they are asked to carry out are governed more by the hours of work carried out on the Atlantic coast, and they do not conform to the prevailing hours of work and rates of pay on the Pacific coast. I would ask the minister to look into that matter and see that the prevailing rates, as they exist on the Pacific coast, are applied to the firemen in the naval establishments on the west coast.

Mr. Claxton: I would be very glad indeed to look into that further.

Mr. McLure: I only have a couple of questions to ask, and before the minister arrived I was going to ask them of the associate minister. I am glad to see him getting into harness, and I want to congratulate him on the new position he occupies. I should like to bring to the attention of the associate minister, as well as the minister, the fact that we have been promised a naval barracks for some time. I see a large amount in the estimates for buildings, and I was wondering whether or not our naval barracks would be included for erection this season. I understand that a site has been selected by the minister himself. I should like him to say whether or not this deal has gone through, and whether the naval barracks will be erected this season.

At the same time I should like him to say whether or not we are to get the new armouries we are expecting. I am not pleading with the minister that he is spending too much money. I see there is a large amount in the estimates for this purpose, and I thought we might as well get what justly belongs to us on this occasion. Our naval men should have a good barracks for their training, and I am sure our soldiers deserve the very best building that can be provided. I thought this was the proper place to mention these things, and I would ask either the minister or his associate to reply.

Mr. Claxton: On the question of the location of the naval reserve division of Charlottetown, I can assure the hon. member that the premier of Prince Edward Island, the member before him and quite a few others have brought me around to the site. I have looked it over and I regard it as a very desirable site indeed. The only trouble is that it would cost much more than we have to put the site in condition so we could erect a barracks for the naval division there. The site is superb but the wharf around is broken away, and there has been a certain amount of siltage in the passage in front of it. In addition to that most of the ground is fill, so that all the heavy construction would have to be put on piles. This would lead to considerable expense.

I recognize the need for a new site for our naval reserve division in Charlottetown. As I say, I have been there a good many times and I have seen it. I am familiar with every inch of the ground. But so far, having regard to other priorities, we have not seen fit to put an amount in the estimates to proceed with that work. I hope that some day we will have money for an expenditure of that kind. At the present time the naval reserve division is well housed in a building belonging to the provincial government. That government would like to get it back, but so far we have held on to it. I can assure the hon. member that the matter is receiving continuous consideration.

With regard to the army barracks, I may say that is one of the oldest in Canada. On the other hand it has been well maintained. It is well located, and we have a good many other places in Canada which need a barracks more than Charlottetown. Having served alongside the artillery that came from there in the first world war, and having met them

in the second, I can appreciate that this is a good place to put a new barracks some time.

Mr. Knowles: I should like to ask the minister a question that comes under the general discussion of the navy, but a similar question could be asked when we get to the section dealing with the army and another when we come to the air force. I can throw them all into one. At the end of the items dealing with the navy we come to a gross total, and then appears this entry:

Less the estimated amount to be paid from the special account and the estimated credits from transfers of equipment charged to mutual aid, $44,700,000.

That is on page 303. Similarly over on page 310, at the end of the section dealing with the army, there is the same entry only it amounts to $94,077,000. Likewise on page 316, at the end of the section dealing with the air force, there is the same entry, only in that instance the amount is $108,195,000. Those three entries, which in each case are subtracted from the gross total, add up to $246,972,000. By a little more simple arithmetic I find that the grand total of these major items we have been discussing is $1,960,159,633, which does not include those amounts that have been subtracted. In other words it appears to me that if it were not for these credits at these three points the actual total of this item would be not $1,960,159,633, but $2,207,131,633.

Will the minister comment on whether or not that is a correct analysis as to the total amount that is actually being spent for the items included in this general item, and also would he explain what is involved and what the reason is for these subtractions by reference to a special account?

Mr. Claxton: Well, Mr. Chairman, there has been a change proposed in these estimates with regard to the handling of the mutual aid account. This is described on page 30 of the white paper. I shall not weary hon. members by reading it, but I think the point made by the hon. member is covered by paragraph 167 on page 30, which reads as follows:

Consequently, in the 1953-54 estimates, the detailed amounts in the service votes and the mutual aid vote together exceed the estimated appropriation requested by some $247 millions which is made up of $84 millions to be expended from the special accounts and the estimated transfers of equipment as mutual aid from stocks acquired by the services since April 1, 1950, amounting to $163 millions.

Mr. Gillis: I should like to ask the minister about an item that appears on page 301 of the estimates, the 11th line from the bottom of the page, "Professional and special services, corps of commissionaires". Mr. Chairman, I think the time has arrived when that organization should be brought under some department of government. Members of the corps of commissionaires work for all departments of government. In addition they are employed in many cities around theatres, as doormen around hospitals and so on.

The corps of commissionaires are a group of old soldiers, the older fellows who have reached the days when they are no longer productive in industry; and they are taken then, in most of the provinces, by a private employment agency. Some smart fellow organizes that corps on a provincial scale, and he farms out their labour to any organization that desires watchmen. I notice that the Department of National Defence has an item of over $1 million in the naval section. They are employed around the airports and around public buildings under all departments of government.

I think the method employed of having these men work for private employment agencies who farm them out and make money off their labour should come to an end. I think the corps is sufficiently large at the present time that its members should be brought under some department of government, preferably the Department of Labour, so their duties could be made more uniform, their wages fixed at a more reasonable rate, and some uniformity brought into the question of remuneration as far as that corps is concerned. The organization at the present time leaves much to be desired, and it is badly confused because its members are working for different rates of wages in different provinces, and are working in the same provinces and in the same communities for different organizations.

I am not making any criticism of the item that appears here in the estimates. I am merely raising that general question for the benefit of the members of the cabinet. In my opinion the time has come when these people should be brought under some department of government and when some regulation should be brought about with regard to their employment and remuneration; and I say the proper department to handle that corps of commissionaires is the Department of Labour.

Mr. Higgins: Mr. Chairman, I shall be brief. I wanted to comment on an article dealing with comments made by Vice-Admiral Mainguy and appearing in the *Gazette* of December 18. I obtained it from the C.C.F. library, of all places, from the hon. member for Kootenay West. The reason I am using this article is that it would appear that not only is the naval program long delayed but, as to one item, it has cost about three times

what it was estimated to cost. The article reads in part:

Reviewing the navy's needs and plans for 1952, the admiral said:

And I quote paragraph 3.

3. Shipbuilding programs started in previous years will bring fruit, with four more of the new anti-sub escort vessels being launched—

He says four more. The minister's white paper says two. Last night the minister said three. In 1951 the admiral said four. The article continues:

—and the coastal minesweeper program of 14 vessels being completed.

The admiral's statement in this book that I quoted before, namely *Canadian Shipping* of March of this year, said eight were launched. The minister's white paper stated that six had been launched; and last night I believe the minister said all had been launched. The last part of that paragraph in the *Gazette* of December 18, 1951 reads as follows:

In addition, the navy's arctic patrol vessel, H.M.C.S. *Labrador,* will be completed.

In the white paper this sentence appears:

The northern patrol vessel, H.M.C.S. *Labrador,* originally scheduled for 1952, will be completed before the end of 1953.

The minesweepers were estimated to cost $950,000 each, I understand, and they have actually cost somewhere about $3 million. Is that correct or is it not?

Mr. Claxton: Mr. Chairman, I made a fairly full statement following the hon. member's speech this afternoon.

Mr. Higgins: I did not mention this item.

Mr. Claxton: I thought I had dealt with it. I must apologize for not being here when he spoke, but I was away with Field Marshal Montgomery and I was in the chamber before the hon. member concluded his remarks. But I thought I had dealt with the question of the numbers of ships and the like at that time.

With regard to costs of ships, contracts are let by the Department of Defence Production. The allocation of contracts is done in accordance with recommendations of the maritime commission. I do not quite gather what additional point the hon. member wishes to make.

Mr. Higgins: The point I am asking the minister about is this. First of all, does he agree that the building of the ships was unduly delayed? The chief of the naval staff stated in 1951 that all these ships would be completed by 1952, whereas they are not completed yet and the best we can hope for is completion by the end of this year. Moreover, the cost of the minesweepers has gone from $950,000 to $3 million each. I only ask whether that is correct.

Mr. Claxton: I shall have to look into that matter, Mr. Chairman.

Mr. Gibson: I wonder whether this is the time, while we are discussing naval estimates, when the Minister of National Defence would like to make a comment on the possibility that he might forward his training program in the navy by some kind of co-ordination between the naval program and the coastguard service which has been mooted many times in Canada as a desirable feature on both the Atlantic and the Pacific coasts. It has always occurred to me, particularly with vessels of the smaller type that we are speaking of, such as minesweepers, that perhaps the finest training we could give our younger sailors in naval tactics might be in co-ordinating the services of the navy and those of the coastguard. I should be grateful for a comment from the Minister of National Defence in regard to that suggestion, which I am sure has been made to him before.

Mr. Claxton: Generally speaking I think it has been found in all navies that it is a good thing to have the young naval personnel receive their first training at sea in a naval vessel; and for that purpose we have training ships. Quite a large number of those in commission for the Royal Canadian Navy are specially earmarked as training ships. After that training period it might be desirable to work them in on other types of training including coastguard or the like if that exists; but that would have to be worked out.

With regard to the provision of coastguard service—and that is the question the hon. member really raises—that is a matter which concerns much more the Department of Transport, the Department of Justice through the Royal Canadian Mounted Police and other departments of government. At the present time the job of search and rescue, which is an important operation, is co-ordinated in Canada through the R.C.A.F., and it has the closest possible tie-in with the Royal Canadian Navy, the merchant marine and civilian enterprises of all kinds. So far, my colleagues who have been concerned with that aspect of the problem felt that the co-ordination of search and rescue under ICAO should be left with the Royal Canadian Air Force, and the other questions should be dealt with as they arise.

Mr. Harkness: By some method which was not quite discernible we seem to have become concerned chiefly with naval matters. However, my understanding is that we are still

really on departmental administration. I have two or three questions under that heading which I should like to ask.

The Chairman: No; the understanding is that we go from one heading to the other. I asked if the committee was ready to pass on to the heading "navy".

Mr. Harkness: When was that?

The Chairman: That was some time ago. The hon. member for York West was the first to rise, and then the hon. member for Nanaimo; and all the questions have pertained to this heading "navy" ever since that time, I would say about half an hour ago.

Mr. Harkness: I am sorry, Mr. Chairman; I did not hear you say that. I still thought we were on departmental administration. However, I can ask these questions just as well under navy as I can under departmental administration. It really makes no difference. What I wanted to get at was the thing which we really did not get to, namely the total number of civilian employees in the navy, army, air force and throughout. We have a figure of around 26,000 civil servants, I believe, and in the report of the Department of National Defence for 1952 at page 91 the figures are given up to March 31, 1951 and up to March 31, 1952, for the skilled and unskilled classes of labour. At March 31, 1952, they numbered 19,369. Can the minister give the figure for March 31, 1953, which would then give us the total of all civilian employees?

Mr. Claxton: The closest estimate of that is in the white paper. It is 25,200 classified civilian employees and 19,800 non-classified.

Mr. Harkness: Then we come to the amount of money for travelling and removal expenses, which is quite a large item. In so far as the navy is concerned we find it was $3,098,000 last year. This year it is $3,950,000. Rather than take it up under navy, army and air force and so on, perhaps we can deal with it as one item. The total amount is $34,691,000. These travelling and removal expenses have been constantly increasing as a result of the increase in the number of service personnel; and as a result of the increase in the number of such personnel naturally one would expect—

Mr. Claxton: We really must have some order about this. You yourself, Mr. Chairman, announced on three occasions that after we had got through with the general discussion we would proceed item by item, and for at least three-quarters of an hour we have been on navy. Now the hon. gentleman wants us to reverse that process and get back to general administration. I suggest we should move on.

Mr. Harkness: I am not asking it to be reversed at all. I started out to deal with travelling and removal expenses for the navy. I said I thought it would save time if, instead of taking it up under navy, army and air force, reserve force and so forth, we took it up as one group item, and I said the total amounts to $34,691,000.

The Chairman: Can the hon. member inform me where he sees travelling and removal expenses?

Mr. Harkness: On page 301.

The Chairman: That is under navy?

Mr. Harkness: Yes.

The Chairman: And there is a similar item under air force, I understand.

Mr. Harkness: And army.

The Chairman: The hon. member can ask his question under the various headings, a separate question for each.

Mr. Harkness: I am quite prepared to ask it under each. I suggested it would save a considerable amount of time if we could deal with them together, and the question I wanted to ask particularly, as far as the travelling and removal expenses are concerned, is this. What means are taken within the department to ensure that the amount of this travelling is kept down to a minimum? As I say, these expenses mount year after year. Some assurance should be given to the committee that every effort is made to keep these expenses, which have now reached such a large sum, to the minimum consistent with carrying out the duties of the services in an appropriate manner?

Mr. Claxton: I can assure the hon. gentleman that the utmost is done to reduce travel to the minimum; but with one-half of the navy that is operational on the west coast and one-half that is operational on the east coast, with the necessity for posting every now and then, in addition to filling in the complement of crews and taking courses, travel continues to be a very big item. You have also to take into account the fact that if a service person is posted for more than a year to a post in Canada or abroad he is entitled to have his wife and family and furniture moved at the government's expense. Consequently we reduce to the minimum possible the amount of posting but in a time of active service, where we have ships on each coast doing various duties, where we want to avoid inflicting on any serviceman more than the minimum term of duty abroad and where

also we have to fit in his service abroad with his posting to take courses for promotion, the transportation expenses are apt to be high.

I am afraid that is an inevitable result of the geography of our country. But I can assure the hon. member that the rates allowed are so low that most personnel say they lose on every single movement, whether it be for meals on a short trip, or on hotel bills on a trip to Washington to confer with opposite numbers, or on a long trip to London. I have yet to hear of a service person who has received what he regards as a fair recompense for his travel. That is regrettable, but it indicates that we are tough about it. We would like to be more generous.

Mr. Higgins: At the risk of repetition, I did not quite gather the minister's answer to my question about the fourteen minesweepers. I said the cost had been estimated at $950,000 and that they cost $3 million each. Is that correct, or not?

Mr. Claxton: I told the hon. member I would look into it. It sounds quite impossible. It is a matter really for the Minister of Defence Production, but we will look into it. I did not recognize the figures as likely to be correct.

Mr. Higgins: Does the minister recognize the original cost as being correct?

Mr. Claxton: I do not know.

Mr. Higgins: What was the original cost?

Mr. Claxton: I would have to look that up. The contract is placed not by the Department of National Defence but by the Department of Defence Production.

Mr. Higgins: Three were actually completed and launched. Does the minister know what was the cost of these?

Mr. Claxton: That would be available in the Department of Defence Production. We shall get that for you.

Mr. Harkness: The matter of the cost of recruits applies not only to the navy, but to the army and to the air force as well. If the minister wants to answer for the three services at one time, that is fine as far as I am concerned. If he wants to answer for each of the three services individually, that will also be agreeable. A certain amount of publicity has been given to the amount spent for advertising in the general cost of recruiting. I wonder if the minister could give us what the figures were in connection with advertising, and also any other costs in connection with getting recruits last year. Would he give the amount per recruit. If he can give it for each of the services, well and good; however, if he has only a bulk figure that will still be satisfactory.

Mr. Claxton: The cost per recruit as related to the active force intake in 1952 was $70 per man. But much of the recruiting advertising was related to other purposes, including recruiting for the reserve forces; and if we include the cost per addition to the armed forces of Canada, both active and reserve, the average cost is $43 per man. The advertising also had to do with bringing home to young Canadians the opportunities of service in the Canadian services colleges and the like. All this is included in the average cost per intake I have given.

Mr. Harkness: Is that $70 entirely for advertising? If not, what is the breakdown? How much is for advertising and how much for other costs?

Mr. Claxton: All of it is for advertising.

Mr. Harkness: If that is entirely for advertising, would the minister let us have the other recruiting costs, such as those for maintaining recruiting stations, staff and so on.

Mr. Claxton: There are no figures on that.

Mr. Harkness: Then as I understand it the minister's department does not know what it costs to recruit a man. The cost for advertising alone is $70, to which must be added other general costs of recruiting. Last year the amount spent in advertising for recruits in Alberta was $87,213, according to a return tabled in the name of the hon. member for Assiniboia. The cost in British Columbia amounted to $138,821. Can the minister explain how these advertising sums are allocated as between the different provinces? Is there any policy in this connection? There seems to be some disparity so far as other provinces are concerned. Is there any policy, or on what basis is the allocation of advertising for recruiting carried out?

Mr. Claxton: Recruiting advertising is handled by a number of agencies appointed by the government. They confer with the joint service recruiting committee and the joint service advertising committee, representing the three services. They report to the personnel members' committee which consists of the adjutant general of the army, the chief of naval personnel, and the air member for personnel of the air force. They put up a plan to the deputy minister. In turn he places it before me, and we have a session—sometimes lasting several days—to go over the program.

When that is agreed upon the agencies spend the money in accordance with the plan, so as to produce the best possible results. That plan is related to the possibilities in each part of the country, and in the result

has proved very successful. The fact that some amount of money should be reported as having been spent in Saskatchewan or British Columbia indicates that in those two cases that was the payment made for the services rendered through the advertising agencies.

Mr. Harkness: I do not know that the minister has answered my question as to what policy is followed in regard to advertising. I have mentioned only two provinces. I might point out that for Quebec the amount is $836,900 and for Ontario $639,000.

Mr. Claxton: I thought I had answered that.

Mr. Harkness: But the minister did not give any explanation to how these various amounts are allocated, or the policy followed. He said it was decided by this committee to which he referred, in conjunction with the advertising agencies. Has any compilation been kept as to the efficiency of this advertising? Did they get more recruits where they spent more money on advertising, or did they get fewer?

Mr. Claxton: Every possible computation and every possible test has been made. We have had tests made of the recruits coming into the three services: "Why did you join? Why did you choose this service in particular?" Then after the recruit has been in for a time, these questions: "How are you getting along? How do you like it?" This is all related to the job of getting the ultimate number of men we need in the armed forces of Canada. That has been a pretty difficult job in the last three years, because of the numbers involved.

I can assure the committee the amount spent is exceedingly low having regard to the job that has been done and the intake we have had. There were 29,000 last year for the active force and 21,000 for the reserve force. Those are very big figures, indeed, for Canada. And if we compare the figures spent on advertising in Canada with those of the United States, where they have another system, one would be surprised at the results we have obtained.

Everything is checked up, and everything is related to the job of placing before the young men of Canada the idea of the opportunity of rendering a service to their country, meeting a need, and having a career in the public service.

Mr. Nowlan: In replying to the hon. member for Calgary East the minister made reference to travel and removal expenses, and said that the dependents of those who had been transferred away for a year would have their expenses paid to their places of origin. Is there any difference in the three departments on that score? I have received letters from some dependents who claim that in one of the armed services a family in a service house is permitted to remain there, while in one of the other services they are required to vacate. Is there any difference in the regulations in this connection as they apply to the three services?

Mr. Claxton: The hon. member would have to bring my attention to individual cases. We have 60 or 70 service communities across Canada for the navy, the army and the air force. I could not speak from memory or generalize as to what the rules are right across the board.

Mr. Nowlan: What I had in mind particularly was the statement that in the army, for instance, dependents who are living in a service house at an army base would be permitted to remain there after the service member had been posted to Europe, whereas if he were serving in the air force the dependents would be required to vacate within a certain number of days. Complaints have been received from dependents indicating that there is a different policy entirely in these two branches of the service. I know we are now dealing with the navy, but I was wondering if the procedure was uniform for all three branches.

Mr. Claxton: We began by having a 90-day vacation period because of the shortage of married quarters, but since then we have added to the married quarters and we now have about 20,000 married quarters either constructed or in process of construction. Our object would be to enable every service person who is posted abroad to leave his family in a service home until he returns, but that is most difficult in some localities such as Shilo, or other places, where a whole unit may move out. What is going to happen to the wives of the members of the unit who are left? It is a very difficult problem. I could not generalize on it, but I can assure the hon. member that it is receiving the most serious attention. My own view would be that we need very much more accommodation for dependents of servicemen than is now available.

Mr. Nowlan: Then there is no distinction between the three services with respect to the treatment?

Mr. Claxton: No, I think it relates to the particular situation.

Mr. Nowlan: We have an item here of $23 million for the construction of buildings and physical assets. I was wondering if the expenditures for the seaward defence project at Halifax are included in that amount and

if the minister can give us a breakdown of the amount which has been expended and tell us where the matter stands at the moment.

Mr. Claxton: The hon. member is quite right in suggesting that the item for seaward defence at Halifax is included. I would not like to give a breakdown at this stage, if he would permit me not to do so.

Mr. Nowlan: I am not asking for information in great detail, but can the minister tell us where the matter stands at the moment, approximately how much has been spent and how much will have to be spent before the project is concluded?

Mr. Claxton: I was in Halifax on October 17 last, and a very successful exercise had just been held in which they closed half of the harbour on fairly short notice. The project is moving on and it is getting to the point where it is a pretty good seaward defence.

Mr. Nowlan: Can the minister tell us something of the cost?

Mr. Claxton: We expect to spend $800,000 there this year.

Mr. Nowlan: How much has been spent altogether so far?

Mr. Claxton: I have not got it.

Mr. Nowlan: Can the minister get us that information?

Mr. Claxton: Yes.

Mr. Browne (St. John's West): On page 3 of the white paper I find the following with respect to the air force:

> In accordance with joint Canadian-U.S. plans for aerial defence, a number of the stations in Canada which are of primary usefulness in the defence of the United States will be manned by U.S.A.F. personnel—

The Chairman: Did I understand the hon. member to say that he was dealing with the air force?

Mr. Browne (St. John's West): No, I am only referring to this and then I am going to ask a question about the navy. On page 3 it says that there is a certain policy of co-ordination and co-operation existing between the United States air force and the Royal Canadian Air Force. Does that policy of co-ordination and co-operation exist with respect to the use of naval facilities, naval installations and seaward defences?

Mr. Claxton: Yes.

Mr. Harkness: At page 302 of the details, under "materials and supplies", there is an item of $2,100,000 for fuel for heating, cooking and power-generating units. Last year the amount was $1,300,000. In other words it is nearly double this year. Can the minister explain why so much more fuel for heating and cooking is needed?

Mr. Claxton: It has been found that the estimates for 1952-53 were below requirements. Other contributing factors are higher costs and the provision being made for several more establishments.

Mr. Thomas: When I spoke the other day I asked the minister if he would comment on whether or not the government had considered making use of light convoy escort aircraft carriers of the same type as the converted merchant escort carriers we had during the war. Does he think that is practical?

Mr. Claxton: That matter has been looked into and nothing satisfactory has been found. I am afraid the trend is entirely in the opposite direction. More and more escort carriers are going into operation with flight decks capable of handling jets, and they involve much more expense, difficulty and complexity for us all. We have not found anything along the line he has suggested.

Mr. Thomas: I might point out that those we had during the war were quite cheaply converted from merchant ships and used an obsolescent type of aircraft. The aircraft were also cheap. They certainly did a wonderful job, and without them I do not think we could possibly have held back the U-boat attacks during the latter part of the war.

Mr. Claxton: I agree.

Mr. Macdonnell (Greenwood): I want to ask a question which comes under the item with the heading "Professional fees—architects, engineers, land valuation and legal", and also with respect to the item headed "Medical and dental consultants and special services", and the item headed "Fees for special courses". If your ruling, Mr. Chairman, is that I should confine myself entirely to the navy, well and good, but it seems to me that it would save time if I could deal with the matter generally. I assume I must deal with the navy.

First of all I want some information about the staff of engineers and architects. I draw attention to the amount to be spent for architects and engineers for the navy, $800,000, the amount of $250,000 to be spent for medical and dental consultants for the navy, and the amount of $500,000 to be spent for fees for special courses for the navy. I want to know what staff we have, what staff is in the minister's own department and also what is available in the allied departments of defence production and so on. Then I want to know

the amounts that have been paid to architectural firms and others in some considerable detail. My first question is, what professional staff have we, dealing for the moment only with architects, engineers, etc.?

Mr. Claxton: The hon. member has asked what professional staffs we have in the navy, army and air force, as I understand it.

Mr. Macdonnell (Greenwood): Whichever way you rule, Mr. Chairman.

Mr. Claxton: I do not mind. That is the kind of question that could be put on the order paper and answered very easily.

Mr. Macdonnell (Greenwood): Probably not as quickly as the minister can answer it.

An hon. Member: It might be quicker.

Mr. Claxton: I will have a shot at it from memory. I would say that the navy has about eight architects, the army about fifteen and the air force about ten. I would say they are totally inadequate in number to do the job. Also we have employed two or three hundred architectural firms across the country in connection with the construction program. We have been engaged in the build-up of construction necessary for the armed forces, navy, army and air force.

I had no notice of the hon. gentleman's question so I cannot speak except subject to correction, but I would say that we have completed something in the nature of about 40 standard plans for standard buildings of a permanent character, each one involving navy, army or air force architects, and sometimes all three, and each one involving as well the hiring of outside architects. I would say that we have probably completed standard designs or plans for something of the magnitude of 30 emergency buildings involving the services of the same people. After all, you cannot administer $358 million worth of orders for construction and place 1,048 major contracts without hiring architects. As far as is possible we hire just as few and just as good ones as we can. I would like to have heard of any easier way of doing this job before because we took longer than we wanted. There were not enough architects and there were not enough engineers in the services to do the job. Consequently we are a bit behind in our construction program to cover the period 1951 to 1954, which will amount to a total of $655 million.

The number of contracts handled by architects, construction firms and professional engineers would have to be worked out, but it certainly runs into many hundreds. I have said that there were 1,048 major contracts placed last year, in addition to other work. We have been continuously short of architects and professional engineers on our inspection staff, and have had to hire a great number of outsiders.

Mr. Macdonnell (Greenwood): I realize that I cannot fairly expect the minister to give a detailed answer to what I asked, but what he has said has certainly interested me and makes me feel that I want to know a great deal more about this. Apparently I have to plead guilty to being quite wrongly informed when I spoke on the budget because at that time, after making what inquiries I could, I thought I had discovered that there were 15 architects in the three services. Adding up what the minister has given me now I find there are 33, and he has referred to the employment on the work of two or three hundred firms.

Mr. Claxton: I am sorry, but if the hon. member will excuse me I have the figures available for him now. The number of architects employed as civil servants is precisely 15—navy 5, army 7 and R.C.A.F. 3.

Mr. Macdonnell (Greenwood): After all that difference is not too important.

Mr. Claxton: They are far too few.

Mr. Macdonnell (Greenwood): But I was surprised at the figure of two or three hundred architectural firms employed.

Mr. Claxton: Far more than that.

Mr. Macdonnell (Greenwood): I want to know a little more about that, and perhaps the minister would give me a statement in some detail when the committee discusses this next. For example, the minister spoke about 1,048 major projects, as I understand it, which were placed last year. Are we talking about the calendar year or the fiscal year?

Mr. Claxton: The fiscal year 1952-53.

Mr. Macdonnell (Greenwood): Would the minister explain a little further what he means by a major project? If I understood him, he also spoke about 30 emergency buildings.

Mr. Claxton: Yes.

Mr. Macdonnell (Greenwood): I come back to the 1,048 major projects. It would be very important to know to what extent those were standard buildings. If they were 1,048 individual major projects requiring full architectural preparatory work and all the development which goes with individual buildings, then it was a rather tremendous job. It comes to me as a surprise, and there is no point in my expressing any opinion about it. All I can do is ask a further question, and if the minister wishes to answer

now so much the better. When he says 1,048 major projects, what does he mean? Will he explain that further? Perhaps they can be divided into classes. I take it the figure is for the three services?

Mr. Claxton: That is right.

Mr. Macdonnell (Greenwood): Perhaps they can be divided into classes and perhaps the minister can give us illustrations so we might understand better what is meant by the very imposing phrase "1,048 major projects". Let me repeat that I do not want to be asking questions which it is unfair to expect the minister to answer off the cuff, and if he prefers to give me that information when the committee sits again that will be perfectly satisfactory to me. It is just as he wishes.

Mr. Claxton: Well, Mr. Chairman, I was not too far out in my recollection of the figures. We prepared 39 standard designs for permanent construction for the three services. Out of those 39 designs which were prepared, some before Korea and some since, 35 have so far been used. We have 28 designs for emergency buildings, and so far we have used 10 of those, all at Wainwright. It is quite easy to put on the record the places, the details of the type of construction and so on in each case, but my information is that this has been gone into before the committee on defence expenditure.

Mr. Macdonnell (Greenwood): We are not allowed to talk about that.

Mr. Claxton: I am told that not only were you allowed to talk about it, but that you insisted on talking about it, and it was gone into at great length. However, if there is any item of information which the hon. member would like, we will certainly have it available for him.

Mr. Adamson: Mr. Chairman, I want to ask the minister about what appears to me to be the penultimate item under departmental administration and navy, "additional positions to be established". As far as the navy item is concerned it is $625,000, increased from $435,000. For the general administration item it is a very much larger figure, $2,256,704. For general administration there was an increase of 294 in these unclassified persons and for the navy an increase of 100.

The thing which is interesting and on which I would like some comment is that under general administration if you divide 294, the number of unclassified persons to be added, into the figure given you find that the average cost or average salary works out at about $5,640, but in the same category for the navy the average salary works out at $1,860. First of all I should like to ask what are these additional positions to be established. Are they of considerable number and do they go right through the schedule, or are they one single item?

Mr. Claxton: The positions relate to inland stores depot, Montreal, for handling, packing, maintenance and inventory of the main R.C.N. stores depot, 425; maintenance of ships in inactive reserve at Sydney, Nova Scotia, including security and fire protection and servicing of dehumidifying plant, 80; at naval stores headquarters, Ottawa, an increase in office workers to provide necessary assistance for the administration of the expanding navy, 125; on the east coast in the dockyard, stores, depots, armament depots and magazines to meet the increased requirements of the fleet and to provide for the installation and maintenance of new equipment from current production, 460; on the west coast in the dockyard, stores, depots, armament depots and magazines to meet the increased requirements of the fleet and to provide for the installation and maintenance of new equipment from current production, 410.

Mr. Adamson: Well, that is for the navy. I just added this up and there seems to be some discrepancy in the salaries. You have an increase in general administration of approximately half a million, and then for this item you get $425,625. Why is there such a discrepancy in the rates of pay, or are my calculations correct?

The Chairman: While the minister is looking up the answer to this question, perhaps I might ask hon. members if I may have their co-operation. I do not want to appear to be restricting discussion nor to be disagreeable, but if we are to follow the agreed procedure I should like hon. members to avoid referring to items which have already been discussed. Two years ago we studied these details at the end of the book line by line. Last year it was suggested that we proceed heading by heading. Yesterday I asked hon. members if that procedure would be agreeable this year. I asked for comments upon that, and there were none. Hon. members agreed. We have discussed the first heading, which was departmental administration, including inspection service. Then I asked, shall we pass on to navy? The hon. member for York West was the first member to ask a question relating to navy. We have been carrying on discussing the details under the heading "navy".

I know there are some questions of a general character which hon. members may like to ask, but I hope they will confine those

questions to the pertinent heading. If we carry on with questions under the details for half an hour and then have a wide-open question, and then return to restrictive questions, we shall never finish. It makes it a much more difficult task for those who have to prepare the answers for the minister. Hon. members will realize that. I do ask hon. members for their co-operation.

Mr. Claxton: In answer to the hon. member for York West, I might say that the difference is due largely to the proportion of technical staff on the side that he mentioned.

Mr. Nickle: A question has come up in the study of the white paper and the estimates, and it is this. Is our navy of such a nature that it requires far more administration than either of the other two services, the army or the air force, both from the point of view of service personnel and civilian employees? In checking the figures presented by the minister, I find that in dealing with personnel of the active forces only, out of a total active force of 15,400 in the navy, 1,400 are listed under command and administration. Of course there are additional numbers of men in training staffs and trainees, but I have not included them under administration. On this basis of 1,400 in administration within the service, one out of every eleven men in the navy is engaged in command or administration.

In so far as the army is concerned, referring again to the figures on manpower presented in the white paper, one in every seventeen men is engaged in administration. In the air force, only one in twenty-two men is engaged in administration. In other words the air force requires half as much administration in terms of personnel as the navy.

Turning now to the classified establishments for civilian employees, I find that there is one civilian employed by the navy for every 2·3 members in the active forces; in the army there is only one civilian for every 5·1 members, and the air force is almost three times as good as the navy and 50 per cent better than the army because they have only one civilian employed for every 7·4 members of the active air force. Can the minister explain the reasons for the very wide variation in the percentage of the total personnel, service and civilian, required for the handling of the administration in the three services?

Mr. Claxton: I am not ready to admit the computations the hon. member has made, but quite apart from that the navy have traditionally employed a very high percentage of civilian employees in their dockyards and similar activities. This is true of the Royal Navy, the United States Navy and the Royal Canadian Navy. A very high degree of skill is required there, and that skill is usually related to some previous service in the navy, then service ashore in a civilian occupation of that kind. The navy very largely has these dockyard employees do the job of dealing with their ships, armaments, electronics and so on.

Mr. Nickle: The minister referred to the prevailing rate employees and dockyard workers for the navy. In the figures I presented a moment ago, I included only those civilians in the classified establishments, and did not include any of the 3,600 civilian employees in the Department of National Defence administration and inspection service, nor did I include any of the 19,800 casual prevailing rate employees of the Department of National Defence.

Mr. Claxton: The navy has a very high proportion of people who in ordinary industry would be prevailing rate employees, but who in the dockyards are leading hands and the like, timekeepers and so on, who are classified civil servants.

Mr. Harkness: One of the larger items under navy is that for ammunition and bombs, which is $28,461,000 this year, and was $7,402,000 last year. I should like to ask the minister if that large increase is due to the fact that this year there has been what you might call stockpiling of ammunition for navy or mobilization stores, and does that represent the major portion of the $28·5 million?

Mr. Claxton: I am afraid we have not reached quite that point yet. We have been firing a great deal of ammunition in Korea, but in addition we have been endeavouring to build up stocks of ammunition in Canada. While we have some stockpile, it is not such that I should like to regard it with equanimity yet.

Mr. Harkness: From what the minister says I take it that most of this is for current use in Korea and for what you might call normal consumption in ships and so forth.

Mr. Claxton: A lot of it, yes.

Mr. Browne (St. John's West): I notice that the plant formerly operated by the Canadian navy at Bay Bulls, Newfoundland, has been repurchased. Is it to be put in operation this year, and will it be similar to what it was before?

Mr. Claxton: Yes. I have visited the place myself. I think perhaps this was taken over when I was there. Bays Bulls was disposed of. Then after Korea it was felt that this was an important place so we got our hands on it again, and it has been held that way.

Mr. Browne (St. John's West): You are not doing any work there at the present time?

Mr. Claxton: No.

Mr. Higgins: What will you do with your R.D. stations on the road? I refer to your R.D. stations on the road to Bay Bulls.

Mr. Claxton: Army?

Mr. Higgins: No. R.D. stations, navy.

Mr. Claxton: Nothing more has been done about that at the present time.

Mr. Higgins: You are building a new station out there for ammunition. Is that right?

Mr. Claxton: That is right.

Mr. Harkness: Another of the large items of equipment under the navy is "Armament and equipment, $25 million" this year. Does this represent chiefly the armament for new ships which have been laid down this year, such as 3-inch 50-calibre naval guns?

Mr. Claxton: That is right; not only the armament of the new ships but the refitting of the old.

Mr. Harkness: Will this item include all the armament to modernize the 56 vessels, I think it is, which we now have in service? I think the minister said the number was 56.

Mr. Claxton: Yes, that will cover the 56.

Mr. Harkness: Does it cover any of those which are under construction?

Mr. Claxton: Partly.

Mr. McLure: Mr. Chairman, I should just like to bring one little item to the attention of the minister. What I have to say is not in the form of a question, but I might not get an opportunity again to mention the matter. Last fall a young soldier was being returned from Korea to Charlottetown owing to sickness. He landed with other soldiers in the United States and died in the hospital there.

The Chairman: Order. I cannot allow the hon. member to proceed with this matter at the moment. We have had a general discussion which lasted for some time. During that discussion there was ample opportunity for him to raise a matter of this sort. We are now proceeding to the study of the details. I therefore think the hon. member should reserve what he has to say for another occasion.

Mr. McLure: Mr. Chairman, it would take only a minute or so.

The Chairman: Order. The hon. member will realize that it is not a question of how long it will take. If I allow him to proceed in this fashion I shall have to allow other members to do so as well. If they each have a little question like this which may take only one minute, we might lose about two hours. Shall we pass on to the army?

Mr. Harkness: No. There are one or two other questions I wish to ask. There is an item here, "All other expenditures, $945,000." Last year it was $813,000. Last year we took some objection—and in fact I think in every previous year we did so—to these more or less omnibus items and requested that, as far as possible, the expenditures covered by them should be listed under these numerous other headings instead of being put down as "sundries" or "all other expenditures" and things of that sort. I would ask again that that practice, as far as possible, be followed and that items of this sort be reduced to the smallest sums possible. Can the minister give us any indication of what these "other expenditures" of nearly $1 million consist of?

Mr. Claxton: We conform to the system of allocation of expenditures as fixed by the comptroller of the treasury. As hon. members will notice, the allocation of expenditures for defence is the same as that for other government departments. We are extremely anxious indeed to follow the suggestion of the hon. member for Calgary East and reduce these omnibus clauses to the minimum. The largest single item here is customs duties—we pay customs duties—of $400,000.

The Chairman: Shall we pass on to the army?

Mr. Harkness: No. There is one other item to which I wish to refer, namely the Royal Canadian Naval Reserve. I was surprised to see that the estimated expenditure for pay and allowances for the naval reserve is reduced this year. As a matter of fact the entire expenditures for the Canadian naval reserve are reduced. The number of civil servants employed there is down; the whole thing is down. That would seem to indicate that the department thinks the Royal Canadian Naval Reserve will be smaller in numbers this year than it was last year. If that is the case I think it is a great pity, and I should like the minister to explain the reason for this reduction.

Mr. Claxton: No. There was too large an estimate last year. The estimate for this year is an actual increase on our experience of last year, and we expect that we shall spend the whole sum. Therefore the naval reserve will be up.

Mr. Macdonnell (Greenwood): I should like to ask the minister if he thinks it is a sensible thing for the staff of his department and that of another department to be spending their

time in working out how much money is to be paid for customs duties by the Department of National Defence to the Department of National Revenue? It seems to me that it is a prize waste of time. What I rose to ask was this. If the minister will inquire further about the matters that we are not allowed to discuss, I think he will find that his idea is wrong when he intimates that the information I was asking for has been given already. I hope he will find that.

I do not want to get involved in a whole lot of reports which are going to waste everybody's time, but I want further light on one or two questions. The minister has spoken about 1,048 major projects. I want to know —perhaps not tonight but at some time— what a major project is. Is it defined just by the cost? Then I should like to have the major projects grouped, if possible. I suppose there would be so many barrack blocks; so many messing halls and so many such and such. That procedure might reduce this matter to manageable proportions.

The minister spoke about working out standard buildings. I want to know how many of these would conform to standard and, for that reason, I presume would require a minimum of architectural assistance. Those are the questions that I wish to raise. If the information can be available when we meet again, then it would take that much less time.

Mr. Claxton: I shall be glad to give that information tomorrow.

Mr. Adamson: May I ask the minister this question. Do you pay sales tax as well as customs duties?

Mr. Claxton: Yes.

Mr. McCann: Of course.

Mr. Macdonnell (Greenwood): It is a prize waste of money.

The Chairman: Do I understand that the discussion on the navy is terminated?

Mr. Harkness: No, Mr. Chairman; I have another question or two as a result of some returns I have. I could quite readily take them up under the army but you might then rule me out of order. For that reason I think I should prefer to leave this navy item open.

Mr. Claxton: Could we pass to the army on the understanding that you will have that opportunity?

Mr. Harkness: So I may be sure that I will not be ruled out of order, I should like the navy item to be held open.

Mr. Claxton: Could the hon. member ask his questions now so we could look at them?

Mr. Harkness: It would take me some five minutes, perhaps, to explain just what I want.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, tomorrow we shall consider Bill No. 338, respecting co-operative credit associations. After second reading this bill will be referred to the standing committee on banking and commerce. Then we shall take up estimates of national defence, trade and commerce, citizenship and immigration.

Mr. Fleming: In that order?

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

HOUSE OF COMMONS

Friday, April 17, 1953

The house met at eleven o'clock.

CANADIAN PRISONERS OF WAR

MEETING OF REPRESENTATIVES OF NATIONAL COUNCIL WITH GOVERNMENT

Hon. F. G. Bradley (Secretary of State): On Monday last, April 13, the hon. member for Royal (Mr. Brooks) asked me if the government had arranged to meet representatives of the national council of Canadian prisoners of war and if so when such meeting was to take place. I only received notice of the question as I came into the house and did not have the relevant details. During the last few days I have been absent from the house but I would now like to answer the question by saying that my colleague, the Minister of Veterans Affairs (Mr. Lapointe), received representatives of the national council of Canadian prisoners of war on February 18 last, after which he brought their representations before the government. After a great deal of consideration I was authorized to address a letter to the secretary of the national council of Canadian prisoners of war, a copy of which I now table.

Mr. Knowles: May I ask the Secretary of State a supplementary question concerning the reply which he has just given to the question of the hon. member for Royal? Has consideration been given to the recent request of that association that a committee of theirs be given an interview with a committee of three members of the cabinet?

Mr. Bradley: Some days ago three members of the organization did call at my office, and asked me if I would give consideration to a further interview in connection with these matters. After giving some consideration to the subject I came to the conclusion that, unless there was some further material which had not been submitted, no good result would be served by any further conferences with the government, and I advised this organization accordingly.

Mr. MacInnis: May I ask a further supplementary question? As this letter is in answer to a question asked on the orders of the day could it not be printed in today's *Hansard* as part of the minister's reply?

Mr. Bradley: I have no objection.

Mr. Speaker: Is that agreeable to hon. members?

Some hon. Members: Agreed.

(For text of letter, see appendix, pages 4070-71.)

EXTERNAL AFFAIRS

REQUEST FOR MINISTERIAL COMMENT ON STATEMENT BY PRESIDENT EISENHOWER

On the orders of the day:

Mr. J. A. Bradette (Cochrane): Mr. Speaker, I would like to address a request to the Secretary of State for External affairs (Mr. Pearson), of which I gave him notice.

Would the minister care to comment on the important statement made by President Eisenhower yesterday on the subject of world peace?

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, the president's statement to which the hon. member has referred is, I think, an inspiring and heartening declaration of the specific purposes and policies of the United States and as such it is of very great importance indeed. With the consent of the house it might be useful if I did put on the record one or two sentences from that statement because I think they embody principles to which we would be glad to subscribe in this house and in this country.

The president emphasized in his statement the "readiness of the free nations to welcome sincerely any genuine evidence of peaceful purpose enabling all peoples again to resume their common quest of just peace." Then he went on to state in this connection that a new leadership has assumed power in the Soviet union. "This new leadership," he said, "confronts a free world aroused, as rarely in its history, by the will to stay free," and "this free world knows—out of the bitter wisdom of experience—that vigilance and sacrifice are the price of liberty." Mr. Eisenhower then added:

> This is the kind of free world which the new Soviet leadership confronts. It is a world that demands and expects the fullest respect of its rights and interests. It is a world that will always accord the same respect to all others.

The president stated that "the first great step along this way must be the conclusion of an honourable armistice in Korea," and that "this means the immediate cessation of

hostilities and the prompt initiation of political discussions leading to the holding of free elections in a united Korea." In that connection, Mr. Speaker, some additional hope has been given to the possibility, at least, of an armistice taking place by a unanimous decision of the United Nations political committee yesterday on a resolution on this subject.

The president went on to indicate in eloquent words that "the peace we seek, founded upon decent trust and co-operative effort among nations, can be fortified not by weapons of war but by wheat and by cotton; by milk and by wool; by meat and by timber and by rice. These are words that translate into every language on earth. These are needs that challenge this world in arms. This idea of a just and peaceful world is not new or strange to us." Then Mr. Eisenhower made a proposal which must, I am sure, arouse the interest of all peoples, to the effect that the United States government "is ready to ask its people to join with all nations in devoting a substantial percentage of the savings achieved by disarmament to a fund for world aid and reconstruction. The purposes of this great work," he added, "would be to help other peoples to develop the undeveloped areas of the world, to stimulate profitable and fair world trade, to assist all peoples to know the blessings of productive freedom." He said:

> I know of nothing I can add to make plainer the sincere purpose of the United States.

This statement of purpose which I have just mentioned is one to which I am sure, Mr. Speaker, this house and the people of Canada would be glad indeed to subscribe.

WHEAT

INTERNATIONAL WHEAT AGREEMENT—STATEMENT OF MINISTER OF TRADE AND COMMERCE

On the orders of the day:

Mr. L. E. Cardiff (Huron North): I should like to direct a question to the Minister of Trade and Commerce which relates to a press report appearing in this morning's *Globe and Mail* in which the minister is reported as having said he had no intention of making a special trip to London in an attempt to get Britain's approval of the new international wheat agreement. Does the minister not consider the signing of the wheat agreement by Britain as of vital importance to Canada and the Canadian farmer?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I subscribe to that statement and consider it is important to Canada that Britain does sign the wheat agreement. I believe also, however, that we in Canada must make our decision and Britain has to make hers. I know of no new facts that I could put before the British government if I went to Britain. All we Canadians could do during the long negotiations was to make the facts known and let the United Kingdom government reach its own decision.

Mr. J. G. Diefenbaker (Lake Centre): I should like to ask a supplementary question arising out of the reply the minister has given. Would he be prepared to comment on a story appearing in yesterday's Winnipeg *Free Press*, which reads:

> As matters stand at present Canada is entitled to sell 250 million bushels to participating countries and the United States 270 million bushels, in a total market which includes Britain.

Mr. Speaker: Order.

Mr. Diefenbaker: If I might just add one more line, then I can base my question upon that.

> However the United States will not accept this ratio with the British staying outside the agreement.

Is the minister prepared to say whether or not, if Britain does not enter the agreement, Canada would be entitled to the ratio of 250 million bushels as compared with 270 million for the United States?

Mr. Howe: The United States, Canada and Australia are signing the agreement. There are about 600 million bushels spoken for under the agreement. Without Britain, there will be around 400 million bushels. I might say that in arriving at the 600 million bushel quantity we received applications for something over 75 million bushels from importing countries, which was in addition to the amount that could be provided under the allocations the exporters were willing to make. In any consideration of the future, we must keep in mind that the British will require 200 million bushels of wheat from the world supply. Whether they purchase it under the agreement price or the class II price does not alter the fact that the United Kingdom will require wheat. I do not think Canada, the United States or Australia would like to commit themselves, within the agreement, to the point where they cannot take care of Britain's needs. I do not know what the agreement will look like. If after the middle of July it is found that Britain has not acceded there will have to be a meeting and a new allocation made. Just what that will be, I do not know.

INCREASED FREIGHT RATE—CROWSNEST PASS AGREEMENT

On the orders of the day:

Mr. J. I. Hetland (Humboldt): I should like to ask a question of the Minister of Trans-

port. In view of the board of transport commissioners' intention to lift the ceiling on rates on grain moving in the west to Canadian markets, according to a report in this morning's Ottawa *Citizen*, will the minister say whether or not this constitutes a threat to the Crowsnest Pass agreements?

Hon. Lionel Chevrier (Minister of Transport): The hon. member was kind enough to send me a copy of the article which appeared in this morning's *Citizen*. I have read it and, from my understanding of it, it would not appear that the Crowsnest rates are affected in any way whatever by the application now before the board for equalization. In any event, it is this parliament which determines whether or not the Crowsnest rates are to be changed, and thus far there has been no move in this house to amend the Crowsnest rates agreements.

POST OFFICE

REQUEST FOR REOPENING OF OFFICE IN HOME OF WILLIAM ROSS, WINNIPEG

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I ask the Postmaster General whether or not he has received from the historical and scientific society of Manitoba a request for the reopening of the post office in the old home of William Ross in Winnipeg?

An hon. Member: Order paper.

Mr. Knowles: Is the Postmaster General in a position to make an announcement on this matter?

Hon. Alcide Cote (Postmaster General): I received the hon. member's notice of his question on my way to this house. Unfortunately, I have not had time to communicate with the department. I shall take this as notice of a question and will give him a reply as soon as I receive the information.

HOUSING

ALLEGED REFUSAL OF WINNIPEG INSTITUTIONS TO LEND MONEY FOR HOME CONSTRUCTION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Is the Minister of Resources and Development aware of the strike of lending institutions in Winnipeg against lending money for the building of small homes? What steps does the government intend to take to make sure that the purposes of the National Housing Act are fulfilled?

Hon. Robert H. Winters (Minister of Resources and Development): There is no such strike by lending institutions against the lending of money for the construction of small homes in Winnipeg.

Mr. Knowles: That is not the way we hear it.

FISHERIES

NEWFOUNDLAND—INQUIRY AS TO SPECIAL COMMITTEE TO INVESTIGATE STORM DAMAGE

On the orders of the day:

Mr. G. F. Higgins (St. John's East): Mr. Speaker, is the Minister of Fisheries now in a position to answer the question which I asked him on Wednesday and which he could not read?

Hon. James Sinclair (Minister of Fisheries): The hon. member was good enough to repeat the question to me afterwards. It had to do with the report of a committee which he had thought was inspecting storm damage in Newfoundland. The committee down there is making a report of the losses over recent years in the hope it will be able to suggest a policy of insurance for fishermen's boats. It has nothing to do with the specific storm losses of last winter.

CO-OPERATIVE CREDIT

MEASURE PROVIDING FOR ORGANIZATION AND SUPERVISION OF ASSOCIATIONS

Hon. Douglas Abbott (Minister of Finance) moved the second reading of Bill No. 338, respecting co-operative credit associations.

He said: Mr. Speaker, this act provides for the establishment of co-operative credit associations operating in more than one province under the supervision of the superintendent of insurance. Before any such national association may operate it will have to come to parliament for incorporation by a special act.

This legislation is introduced at this time because a group of provincial central co-operative societies has announced its intention to apply to parliament to be incorporated as a national co-operative association. It is the government's view that if parliament is to approve such legislation it is desirable that there be available suitable safeguards.

The main object of a national association will be the receiving of deposits from its members and the loaning of money to its members and making other approved investments. This is the fundamental function of provincial co-operative credit associations. Hon. members will realize that at certain times there will be surplus cash on deposit with a member operating in one part of the

country while there may be a demand for loans in another part of the country. However, with the establishment of a co-operative credit association, it will be possible to loan surplus funds to members requiring cash for loans on a national basis thereby overcoming the present provincial limitation.

The members of an association will be co-operative credit societies incorporated by special act or declared by parliament to be eligible to become members of an association, not more than ten co-operative corporations (not being co-operative credit societies) and not more than fifteen natural persons.

It is provided that before an assocation commences accepting deposits and making loans it must obtain a certificate from the treasury board. This certificate will be granted only after the association has satisfied the board that it has complied with the provisions of the act.

The lending and investment powers of an association are subject to adequate safeguards in order to prevent its assets from being too heavily concentrated in one particular form and to preserve liquidity. For example, an association may not make any loan or investment if its cash on hand and on deposit with the chartered banks is less than five per cent of its own deposit liabilities.

There is provision for the appointment of auditors in a manner similar to that in the Bank Act. In addition there is a requirement for submitting annual reports to the government. The superintendent of insurance, who now has supervision over certain insurance, trust and loan companies, will have supervision over an association, and penalties are provided for violations of the provisions of this act.

I believe that hon. members are fully aware of the necessity of this legislation. The growth of co-operative credit societies in Canada in recent years has been widespread. As the operations of these organizations will undoubtedly include operations which are clearly of a banking nature, it is desirable that if these associations are going to operate on a national basis they should be under federal legislation as are the chartered banks.

I propose that when this bill receives second reading it be referred to the banking and commerce committee. At that time the superintendent of insurance and the officers of my department will be available to explain its provisions and discuss them with members of the committee.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, from what the minister has said it will be clear to hon. members that this is an important bill. It has eighty-five sections. It has come into the hands of members, I believe, only within the last few minutes. Notwithstanding the fact that it is proposed to refer this bill to a committee, it does not seem to me that we should be asked to give it second reading with no chance to hon. members to have digested it or to have put themselves in a position even to make general comments on the principle of it. For that reason I hope the minister will agree that we shall not be asked at this time to pass the motion for second reading and to refer it to the committee.

Mr. Abbott: Mr. Speaker, the principle of the bill is an extremely simple one. I have outlined it. Under ordinary circumstances I would perhaps be only too happy to accede to my hon. friend's request; but as he knows, it is necessary for me to leave tomorrow and I shall be away for over a week. I am attending the NATO meetings in Paris. I would hope that this bill could be given second reading, the principle approved, and that it could be referred to the banking and commerce committee for detailed study. It was announced in the speech from the throne. The reason that it has not been presented earlier is that the drafting has been going on in consultation with the Department of Justice, the superintendent of insurance, the officers of my department and the officials of some of these provincial co-operative societies, and it has been a longish job. While it is a long bill, in the main most of the provisions are closely analogous to the supervising provisions in the Trust Companies Act and the Loan Companies Act. I think we should try to give it second reading today.

Mr. Macdonnell (Greenwood): Mr. Speaker, I do not want to be un-co-operative but I would point out to the minister that if the motion stands until Monday, only one day will have been lost in the committee proceedings; certainly it can go forward while the minister is away and should do so. When the resolution came before the house, it was passed automatically. This is the first time there has been any explanation. I still hope, Mr. Speaker, that the second reading may wait over until Monday. I assure the minister that there will be the utmost co-operation then in dealing with the matter. I would hope that he would agree, and I therefore should like to move the adjournment of the debate.

Mr. Argue: Mr. Speaker,—

Mr. Speaker: Order. If there is a motion—

Mr. Abbott: Mr. Speaker, ordinarily I would agree to the suggestion which has been made but, under the circumstances, I really do not feel that I can do so. I am sure my hon. friend can have ample opportunity to speak on the bill on third reading. The principle of the bill is extremely simple. We provide, by special act, for incorporation of these credit societies and allow them to operate in the general way that I have indicated. The detail is extremely important, but the principle is extremely simple.

Mr. Argue: Mr. Speaker—

Mr. Macdonnell (Greenwood): I just want to add one thing, Mr. Speaker. It is perfectly true that in one sense the principle is familiar because these co-operative associations have been operating in various provinces, as we know, with the concurrence of everybody. But I still maintain that, however simple the principle may be, to have an important matter of this kind taken through the resolution stage and the second reading with no opportunity for informed discussion is a procedure that is unsound.

Mr. Argue: Mr. Speaker—

Mr. Green: Mr. Speaker, if I may be permitted to say one word, I should like to suggest to the Prime Minister (Mr. St. Laurent) and to the Minister of Finance (Mr. Abbott) that they should not press for this second reading this morning. After all, the debate on second reading is the main debate on any measure. When the Minister of Finance says that the matter can be debated on third reading, that is setting a practice which is extremely unsound. I believe that we are being reasonable in asking that the second reading be allowed to stand over until Monday so that we can at least read the bill.

Mr. Abbott: It was announced last night as part of today's business.

Mr. Argue: Mr. Speaker, I rise at this time to support the second reading of this bill.

Mr. Speaker: Order. If there is to be a motion for adjournment it will have to be dealt with. I might point out that at the moment there is no motion regularly before me.

Mr. Argue: Mr. Speaker—

Mr. Abbott: With some reluctance, Mr. Speaker, I must take the position that I think we should proceed this morning. I cannot agree to the suggestion which has been made.

Mr. Fleming: May I ask the Minister of Finance a question?

Mr. Coldwell: Mr. Speaker, I wonder who has the floor? It seems to me that my friend the hon. member for Assiniboia (Mr. Argue) has been trying to get the floor for some little time but has not been recognized.

Mr. Speaker: If the hon. member for Greenwood (Mr. Macdonnell) is not going to speak further, I will call on the hon. member for Assiniboia.

Mr. H. R. Argue (Assiniboia): Mr. Speaker, I rise to support the principle of this bill. I believe the principle is simple, namely that of establishing, by law, provision for central credit societies. While I have not had the opportunity to look at the bill carefully, clause by clause, I feel that the principle is a good one. I for one can support second reading of the bill at this time. I believe that our credit unions have provided excellent credit facilities and a real service to the membership in the various credit unions in the different provinces in Canada.

Credit unions are in the intermediate and short-term credit field. They are prepared to lend money to their members, many of whom could not obtain loans through the regular lending facilities of the chartered banks. I feel that they have provided a very beneficial service, a service that is not provided and will not be provided to the same extent by the chartered banks.

Another thing, the membership of credit unions support the co-operative philosophy. They believe that by banding themselves together and forming a co-operative for the purpose of pooling their available cash so that it may be lent to their members upon application they are taking profits out of this particular business, namely, the lending of money. They feel that the philosophy of credit unions, the philosophy of co-operatives, is good and sound philosophy, and so they support credit unions not only because of the facilities they provide but because they believe in the principles behind co-operatives and credit unions.

I have had some experience in my own province with the workings of credit unions, and I know countless people who have been able to obtain money from credit unions without security, who would not have had any opportunity to obtain that money through chartered banks, and who, if they obtained the money from small loan companies, would have had to pay an excessive rate of interest. There are many farmer members of credit unions who have been able to borrow money to pay off their obligations when they had an opportunity to pay them at a considerably reduced amount because of a cash discount that was provided.

These credit unions are making loans to their members for the purchase of home furnishings, automobiles, farm machinery, and, as I said, have lent money for the purpose of paying off indebtedness on their property.

It is difficult for a single credit union to have the necessary reserves each and every year and each and every month of the year. So within the provinces, or within certain provinces, central credit societies have been established. In that central credit society the membership is composed of credit union associations. By a hundred or two hundred individual credit unions becoming members of the central society they can pool their funds; they can provide for credit unions that need a large amount of money for the purpose of loans, moneys in addition to that available in the local credit union.

This bill is merely extending the principle that now prevails in the central credit societies within the province. When this bill is finally passed, as I am sure it will be, and becomes the law of the country, and after credit unions have made available to them the provisions of the act by forming co-operative credit associations, I believe they will provide greater stability and greater security for the functioning of the various individual credit unions.

I have before me a publication of the Department of Agriculture for 1951 called "Credit Unions in Canada". It shows the very large number of Canadians who are now members of various credit unions in Canada. For example, in 1945, 590,000 Canadians were members of credit unions. By 1951, six years later, that number had almost doubled to 1,137,000 members. Credit union history is short in Canada; it extends back only 50 years, but progress has been rapid. In 1920, for example, there were only some 30,000 members in all the credit unions in Canada. That shows the phenomenal growth of credit unions and the fact that they are playing an increasingly important role in Canada.

I believe that credit unions are very desirable and that this bill will assist in the functioning of the credit unions in the various provinces. I know that the bill will be referred to the banking and commerce committee, where we shall have an opportunity to go over it clause by clause. If there are any questions on any specific items that we wish to raise I know that we shall have an opportunity to do so and shall receive a full explanation.

I am prepared to support the second reading of this bill today; but if it should be the desire of the house to postpone discussion to another day I would have no objection to that being done. My main interest is to welcome the bill and to see that a bill of this kind becomes law in Canada, because I feel it will serve a very useful and important purpose.

Mr. Macdonnell (Greenwood): I should like to make clear that I was opposing only the procedure; that I, like others, am in favour of the principle of the bill. What I am against is this hurried procedure.

Mr. Solon E. Low (Peace River): I feel that we should have had the bill in our hands earlier than we did in order to be able to give it some study. But if it is thought desirable to go ahead with the second reading today, as the minister indicated he should, then I should like to say a word on the principle of the bill, although it might have been better to leave it over until the first of the week so that we would have had more time to study it.

I listened to what the minister said in his short statement. With his exposition of the principle of the bill I found myself in complete agreement. On behalf of my group I should like however to reserve the right to enter into a somewhat longer discussion of the bill at another time, if that can be arranged; when clause 1 is called in committee I presume that will be possible. We shall have an opportunity of studying the bill in the banking and commerce committee and of hearing any evidence that anyone wishes to give in that committee.

I support the principle of the bill; I think it is excellent. Anything that will strengthen and stabilize the individual credit unions throughout this country is good; it will help them to extend the services which they have been giving to the people of the country.

The credit unions, many of which are being organized every year throughout all of Canada, are organizations for the extension of short-term loans mainly to those who may require accommodation but who may not be considered to have enough of the kind of security that is asked for by the chartered banks. No source of small loans has as yet been provided for this type of borrower except by the small loan companies in Canada, and everybody knows that most of these small loan companies are nothing but loan sharks. They do prey upon the unfortunate who seem to have no other source of short-term financial assistance.

I want to say that anything we can do to extend and encourage the principle of co-operative self-help upon which credit unions are based is providing assistance to those people who now have to go to the loan sharks. Under the law of Canada these small loan companies are able to charge 24

per cent—they call it 2 per cent per month. But I want the house to know my investigation shows me that by compounding on their monthly balances they raise that interest to a rate of more than 30 per cent simple interest per year.

Mr. Nowlan: Service charges.

Mr. Low: Yes, service charges. I say it is not right that we have not provided in this country some organization that can extend to those borrowers who are forced into the hands of the small loan companies the amount of accommodation they require at a decent rate of interest they can afford to pay.

I say that anything that will encourage co-operative self-help, the basis of the principle of credit unions, is good. For that reason I welcome the introduction of this bill, and certainly I shall give it very careful study between now and the time we go into committee.

Mr. F. H. Larson (Kindersley): Mr. Speaker, co-operative credit unions hold a high position, and the government obviously is supporting that position by the introduction of this bill. I do not feel the bill will interfere particularly with the operation of commercial banks or with banking business generally because, as has been said before, these co-operative credit unions are not normally operating in the fields in which banks would be interested. The financing of the purchases of heavy machinery for individual farmers and for others is covered by farm improvement loans which have been instituted by the government.

It has been stated before that these unions cover a field which normally is not covered in any other way. My reason for believing that there is a certain amount of urgency in connection with the immediate passage of the bill, and the setting up of the legislation, is that these co-operative credit unions have a large amount of money on deposit, and they are and for some time have been making loans. They do not appear to fall into any classification under which they would be brought into line with normal banking procedure and banking regulations.

As I understand the principle of this bill, the intention is to do that. The bill gives protection to depositors who put money into these credit unions, and sets up some sort of regulation as to what percentage can be lent to private individuals, without security, and what percentage must be held on deposit for reserve. This is timely legislation. I think it should be hurried through as quickly as possible, because even the co-operative members themselves, who sponsor these unions, realize that regulations such as are set up in the bill are necessary and vital to the health of the co-operative unions and to the successful carrying on of their business for a number of years, no matter how economic conditions may vary one way or another.

I support the bill and believe it should be brought before the committee as quickly as possible.

Mr. W. J. Browne (St. John's West): Mr. Speaker, as one who has had something to do with the formation of credit societies in Newfoundland, and who is familiar with their growth in that province, as well as in the neighbouring province of Nova Scotia, I feel that while this is a good measure it does not pay a great compliment to those who are interested in the co-operative movement, when they are treated in this cavalier manner by having the bill rushed through in a hurry. This is a subject of such vital interest to so many people throughout the country that in my view it deserves a full-dress debate, so that many of the features and ramifications of the measure might be brought out, and hon. members could be informed about the value of the co-operative movement, as well as the benefits it has extended since its organization many years ago in the province of Quebec by the celebrated Alphonse Desjardins who, in my opinion, is deserving of a monument somewhere in this country for the great work he has done.

This is a wonderful movement, and I regret time does not permit our giving more careful consideration to a measure of this kind which has historic significance. It was only yesterday the Minister of Public Works gave notice that this bill was to be proceeded with this morning. I made inquiries to see if I could secure a copy of the bill, but it was not until this morning at eleven o'clock that our copies were received. How can we give proper consideration to a measure comprising 28 pages and 85 sections, which is going to affect the co-operative societies and credit unions throughout the country, when we are permitted to see the bill only a few moments after the house opens in the morning?

Mr. Fleming: A bill no one has read, except the minister.

Mr. Browne (St. John's West): Yes, that is so. We are told the minister has to go away, but surely his presence is not necessary to effect the passage of a measure of this kind. He has a parliamentary assistant who has shown his ability to handle much more complicated legislation than that now before

us. Therefore I feel sure that he could with great confidence delegate to that hon. gentleman the handling of this measure.

However, since the minister appears to be adamant, and we have no recourse except to accept his dictatorial decision that we go ahead this morning, even though the heavens fall, I should like to say a few words about this great movement.

The debate on this measure affords an opportunity to pay a tribute to the marvellous work accomplished by St. Francis Xavier university in Nova Scotia in creating what has been known throughout the world as the Antigonish movement, in which the chief workers have been the Rev. Dr. Coady and Father Tompkins, or Dr. Jimmy Tompkins as he was popularly known throughout the maritimes, as well as in Newfoundland.

These men between them acquired a great knowledge of the business of, and an insight into the needs of the workers, the farmers and the fishermen, in their respective environments. They had the ability to inspire those people to assist themselves. I do not know how far hon. members are familiar with the humble beginnings this movement had in Nova Scotia. In the days of the depression following the first world war, when the fishermen did not know what to do to earn a dollar, Dr. Tompkins came to them with the idea that they might help themselves, and showed them that if they would pool their resources and ship their lobsters alive to the Boston market they would get a greater return. Soon they would be able to lift themselves out of the depression and poverty which had been their lot for generations.

One can imagine the enthusiasm with which they greeted the first cheque returning from the Boston market showing them that they had received many times more for their produce than they would have received had they carried on in the traditional way and sold to the merchants. This credit union movement, which deals with money, sprang from that humble beginning in the little village of Canso. The credit union movement has spread throughout the country as well as in the United States. In that country they have a national association with headquarters at Madison, Wisconsin. Their organization is known as CUNA, the Credit Unions National Association.

There is another feature about the movement that is of particular interest, in that there is complete harmony between the members of credit societies in this country and those in the United States. Not only is there harmony, but fraternity, co-operation, and an anxiety and willingness to help one another. It is a marvellous movement and one which is not merely confined to dollars and cents. When you are dealing with a co-operative it is not like going to a banker who will look at you with a cold eye trying to appraise your resources. When you go to a co-operative credit union officer you go to a person who is a friend, and if he possibly can, he is going to find a way by which he can help you, not only in such cases as were mentioned by the hon. member for Assiniboia (Mr. Argue) but also in the case of medical and hospital expenses, money for holidays and for the building of houses. Money has been furnished in all these instances by such credit societies.

The growth of the movement in Nova Scotia, particularly in the island of Cape Breton, has been miraculous. I have seen houses being built there co-operatively which were financed partly through co-operative credit societies or credit unions. People obtained loans from the credit union to buy the land and they all worked together to build their homes. These societies have financed the building of many homes in the island of Cape Breton and in other places where the movement exists.

The progress of the movement in the province of Quebec is not so well known to members who do not come from that province. They may not be so familiar with what has happened there. The growth of the credit union movement or caisse populaire in the province of Quebec has been astonishing. It exists all throughout the province and is just as much a part of the business life of the communities as the banks themselves. While I recognize the desirability of having legislation to provide for the proper inspection and supervision of a national movement of this kind, yet I feel, as I said at the beginning of my remarks, that it is a pity that we have not had more time to go into the matter. I am only speaking now extemporaneously and without giving any lengthy consideration to the matter, but I want to repeat that it is a marvellous movement and anybody who has been connected with it knows that. The spirit that can be and has been developed amongst members of co-operative societies wherever they have been established and the benefits that have been brought to the members are really astonishing.

I think of a case now of a man who came to me last summer and asked me for a loan. I said, "Do you not belong to the civil service co-operative credit society?" As I happened to be one of the prime movers in establishing it, I knew all about it. He said, "No." I said, "All you have got to do is to

go to the treasurer and ask for a loan and you will get it in a very short time without any trouble at all. I will tell you what I will do. I will send you to the treasurer and you go there, join the credit society, ask for a loan, and see what happens." He went to the treasurer and got his loan. I have seen that happen many times.

It is a marvellous thing for people with large families who get into financial difficulties and are not able to go to the bankers. They cannot go to the bankers but they go to their friends in the credit society. It is a pity that this movement is not better known, and I am astonished that it is not when one realizes how important it is.

I am sure that careful consideration will be given to the clauses of the bill in the banking and commerce committee, and I only regret that time does not permit us to give greater attention to it at this stage.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, as a member representing a constituency which has a very highly developed credit union movement, I personally am particularly interested in the bill, as are a good many of my constituents. I want to take this opportunity to say how pleased I and my constituents are to see this legislation come before the house. I happen to be a member of a social credit club—

Mr. Abbott: Of what?

Mr. Casselman: Truth will out.

Mr. Herridge: Mr. Speaker, that was slightly inaccurate. I meant to say that I am a member of a credit union which was one of the first in British Columbia to study the question of the necessity for central credit associations and legislation such as that now before the house. That was some twelve years ago. I remember being at a meeting of the organization which gave considerable thought to the question. I am sure there are a good many people who have worked hard for the credit union movement—I must be careful to remember to use the right words—in my constituency who will be very pleased to know that the minister has introduced this legislation.

The credit union movement in Kootenay West has been of great value to industrial and office workers in the constituency and now it is spreading widely among the farming population. I want to pay a tribute to the half a dozen or so people who some fifteen years ago started out to organize the movement. It was hard going at first and on occasion they were ridiculed by those who thought that the movement would not amount to anything. As a matter of fact, at the present time we have credit unions with hundreds of thousands of dollars on loan all the time. Once again, may I say that I am very pleased to see this legislation come before the house because I believe that it is another step in widening the field of co-operative action in Canada.

Mr. G. C. Nowlan (Annapolis-Kings): Mr. Speaker, since the hon. member for St. John's West (Mr. Browne) referred to Nova Scotia, I should like to speak on this matter for a minute, and also because of the fact that I have been associated professionally with the credit union movement and the co-operative unions of the maritimes as solicitor and counsel for some ten or fifteen years in the past. I perhaps would be misunderstood if I did not support the passing of this legislation at this time. I concur entirely in what the hon. member for St. John's West has said. I think it is rather cavalier treatment that a matter of this importance should be rushed through on such short notice, and really without complying with rules of the house for proper consideration of the legislation.

I should like to refer to the work which has been done in Nova Scotia by societies such as these, and particularly to the great leadership given by Dr. Tompkins, and by Monsignor Coady, who has given his whole adult life to the co-operative and credit union movements and to whom the people of Canada owe a tremendous debt. He will be recognized in years to come as one of the great citizens of North America, a world citizen and a leader in Nova Scotia. I am very proud to pay this tribute.

The work of credit unions is so extensive today that some legislation such as this is absolutely necessary. There is no doubt that a set-up must be created on a federal basis whereby the work can be properly supervised. As the hon. member for St. John's West has said, the spirit is tremendous; but spirit alone is not sufficient to control financial institutions, and sometimes a little less spirit and more control may be better. Therefore I welcome the legislation, as I am sure we all do on this side of the house. I know that it will receive consideration by the committee and I trust that it will deal with it rapidly so that the machinery will soon be available.

Mr. J. A. Ross (Souris): Mr. Speaker, I should like to say a word on this matter. First of all I should like to say how surprised I am that the minister should only present this bill at eleven o'clock this morning and ask to proceed with it now. After all, when we have dealt with the principle of the bill and the committee has given consideration to the clauses, of which there are some 85, and it comes back for third reading, that will hardly be the proper time to debate the merits and

demerits of the legislation. However, it is to be proceeded with right away and I want to say that I am entirely in agreement with the principle and endorse all that has been said about the wonderful work that has already been accomplished by credit unions throughout the country. There is a great deal of credit coming to those who pioneered in the setting up of these organizations. They have accomplished a very worth-while work in many sections of the country. I do not want to take more time to repeat what has already been said. I am in favour of the principle and am wholeheartedly in support of the measure.

Mr. Stuart (Charlotte): Mr. Speaker, I should like to ask one question. When the bill has gone through the committee and comes back to the house can it not be discussed in the house at that time just as well as now?

Mr. Abbott: Mr. Speaker—

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

(Translation):

Mr. P. H. Spence (Roberval): Mr. Chairman, I would like to say a few words regarding this bill, which we have not had time to study. Following the comments I have heard, may I say that in my opinion, this bill will render new services and facilitate the development of co-operative credit associations, that is our "caisses populaires" as we call them in Quebec, our credit unions.

Mr. Chairman, I have taken an active interest in the credit union movement for the past fifteen years or so. I myself founded a credit union of which I was manager for seven years. As you are no doubt aware, credit unions were started in the province of Quebec over forty years ago by Commander Alphonse Desjardins, and they have been greatly beneficial to the rural and working people.

The credit union movement in the province of Quebec stems almost entirely from good citizenship and the practice of the virtue of charity. That is why in the last fifteen years or so, the number of credit unions has increased threefold and their capital has expanded from thirty or forty million to the present total of approximately $300 million, if I remember well.

I hope that the bill now before the house will not interfere with the development of the "caisses populaires" in the province of Quebec nor dampen the spirit of collaboration that must exist between those and the credit unions in other provinces. I like to think that the government, before introducing this new bill, was wise enough to consult experienced people who were anxious to safeguard, so to speak, the autonomous character of the "caisse populaire" of the province of Quebec.

The services rendered by credit unions, as I said a moment ago, have been extremely valuable to the people. I would like to point out to the members of this house, for their guidance, that the first loan granted by the "caisse populaire" at Dolbeau was a $10 loan. It enabled a poor workingman, who was then earning only $15 a week, to pay the hospital a $25 bill. When he handed in the $10 which had been lent him by the "caisse populaire", he managed to settle this $25 account, thus saving $15, plus charges. Later on he paid back the credit union through bi-monthly one dollar payments, with almost no interest charges whatever. He therefore managed to get rid of this debt at no hardship to his own family. On another occasion, thanks to the Dolbeau credit union, about twenty citizens of that community were enabled to build houses, through loans of approximately $300. Of course this was some years ago when construction costs were lower than they are these days. The credit union made loans of $300, the borrower buying materials for that sum until there was no money left. Then he came back for another $300 loan. In this way the credit unions caused a large number of houses to be built.

They are still rendering extremely useful services in a field where banking institutions are unable to act. In the case of larger loans, the banks must require repayment within 12 months, while co-operative credit unions grant their borrowers the privilege of repaying these sums according to their means. In other words they may repay a $2,000 loan through monthly payments of $25.

It is with pleasure that I have taken this opportunity to say a word about our "caisses populaires"—co-operative credit unions—in Quebec, for they perform very laudable work and have rendered great services. Therefore, I hope that under this bill our credit unions may be able to increase the services they have already rendered in Quebec since their inception.

(Text):

Mr. R. R. Knight (Saskatoon): Mr. Speaker, in supporting this bill, very briefly, it occurs to me that the French term for this institution

is much better than the English—much more expressive. Caisse Populaire means in direct translation "the people's bank". It is owned and operated by the people, and perhaps small people in the financial sense of the word. Its benefits go directly to themselves.

Representing a constituency in a province in which business is becoming more and more co-operatively owned and operated I cannot do other than support this particular bill. The credit union is just another manifestation of the co-operative idea. It is the manifestation of that idea applied to the lending of money. As an active teacher a number of years ago I was one of the first members and, if I remember rightly, I was the president of the first teachers' credit union in my own city of Saskatoon. Many other groups of employees, for instance the employees on our newspaper there, have credit unions of their own. The credit union is only an instance of people helping each other and by so doing directly helping themselves.

Another thing which has perhaps been mentioned here already is that these unions tend to keep the small borrower out of the hands of the small lending companies whose reputation as far as I can see—although I have had no direct connection with them nor direct experience with them—is not always so savoury. Small people are fortunate in not having to rely on such institutions when they can lend each other money as the occasion requires and then receive it back. If there is any profit in the matter may I say that it is not profit in the ordinary sense of the word but rather a saving to them through their work.

For these reasons I have great pleasure in supporting this bill and I shall look forward with some interest to studying the details.

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, I would consider that I was remiss in my duty if I did not say something on this bill.

Some hon. Members: Hear, hear.

Mr. Gillis: I consider it to be one of the most desirable pieces of legislation which have been introduced in the House of Commons since I have been a member of the house.

Mr. Ward: Let us get along with it then.

Mr. Gillis: That is what we are doing. We are trying to push it along and we are trying to give the banking and commerce committee some information for their use when they are considering the bill in case there are too many like yourself on the committee. The bill requires a little elucidation.

Mr. Ward: We have not heard anything fresh this morning.

Mr. Gillis: As I say, Mr. Speaker, I consider it to be one of the most desirable pieces of legislation to come before the house since I have been a member of this house. I know something about the early stages of the credit union movement in this country. It had its roots back in the days of the depression when the banks were not pushing any money out and there was no Household Finance, and the people of this country realized that they would have to do something for themselves. I have always been convinced that the future of this country and the future of this world depends on more ownership on the part of more people.

Mr. Ross (Souris): You are coming along now.

Mr. Gillis: In this bill the ordinary people are linking up the community to co-ordinate developments that took place away back in the early days of the depression when there was no money available for their needs—for any purposes. These men and women banded themselves together at various places across this country, and formed these credit union organizations. In the very early days, I had the pleasure of working for that movement with men like Dr. Coady and Dr. James Tompkins—those are the Nova Scotia people, but there were others right across Canada doing the same kind of work. This bill today is the means, on a national scale, of tying up all these community and provincial organizations which, in my opinion, will be a challenge to the regular banking system of this country in the days to come. It at least has driven them into the small loans field. All these new chains, like the Household Finance and many others which exist today, are attempts to duplicate or offset the credit union movement.

When the industrial development bank was proposed in this house, I said that it was a waste of time to establish another branch of the chartered banks which would merely underwrite doubtful investments in the aftermath of the war. I suggested at that time that a national co-operative bank should be set up to co-ordinate these credit unions. Then, this new chain of finance should be thrown open to the people on a share basis with shares of anywhere from $10 to a maximum of $100, thus enabling all the people of this country to become shareholders in that chain of finance and to develop subsidiary industries across this country for which capital cannot be found. The industrial development bank was set up and our ideas at that time were not accepted. I am glad

to see that the Minister of Finance (Mr. Abbott) is now introducing this bill, which will enable hundreds of thousands of small people across this country, through their membership in their local credit societies, to share in this new chain of finance which is being set up at this time.

I hope that the banking and commerce committee will realize how important it is in the future development of society in this country, and will not only accept the bill as it is but will improve it. I believe it can stand some improvements, but it is a long step in the right direction. I have no desire to hold up the bill. I merely wanted to say these few words, because it is one subject in which I am particularly interested, and I am going to watch its development with a great deal of interest.

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

Mr. Abbott: First let me thank hon. members for their co-operation in proceeding with this measure this morning. I should say that if it were not being sent to the banking and commerce committee I would not, of course, have insisted or urged that we proceed to give it second reading today. But I feel we should do so for a variety of reasons in addition to the ones I gave. I am informed that the various provincial co-operative credit societies are very anxious to proceed with their application for the special act which will be authorized under this bill, so I think it is desirable that the banking and commerce committee should start consideration of the bill as soon as possible, get it back to the house and then to the other place so that the complementary piece of legislation, that is the application for incorporation by special act of the national credit association, can be proceeded with at this session.

As the house will appreciate, this bill is a purely enabling measure. It permits the incorporation of a national credit association by special act, and outlines the powers of such an association. It provides for inspection and supervision by the superintendent of insurance. I agree with what has been said about the splendid work which is being done by these credit unions, and I think it is now desirable that there should be federal legislation to authorize the incorporation, organization and supervision, as the member for Annapolis-Kings (Mr. Nowlan) has pointed out, of these financial institutions. I hope that the bill will commend itself to the members of the banking and commerce committee and, as the member for Peace River (Mr. Low) has suggested, when it comes back to the house it will be quite proper for members who wish to elaborate on some of its provisions to do so on the first section of the bill when it is in committee of the whole.

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

SUPPLY

The house in committee of supply, Mr. Robinson in the chair.

DEPARTMENT OF NATIONAL DEFENCE

Defence services—

241. To provide for the Canadian forces, the defence research board and other expenditures relating to defence, including contributions toward the military costs of the North Atlantic Treaty Organization; to authorize expenditures in the current year out of the amount hereby provided, not exceeding $324,000,000, under the provisions of section 3 of the Defence Appropriation Act, 1950, and to provide that, notwithstanding subsection 3 of that section, where equipment or supplies acquired by the Canadian forces after March 31, 1950, are transferred, the estimated present value thereof shall, if the governor in council so directs, be credited to this vote instead of being paid into the special account mentioned in the said subsection 3, and when so credited may be expended for the purposes of the Canadian forces; and notwithstanding section 30 of the Financial Administration Act to authorize total commitments for the foregoing purposes of $3,994,895,578 regardless of the year in which such commitments will come in course of payment (of which it is estimated that $1,971,926,275 will come due for payment in future years), $1,960,159,633.

The Deputy Chairman: The committee was considering the subheading "navy", page 298 of the blue book.

Mr. Harkness: Mr. Chairman, some considerable time ago I received information from two sources that some new Cadillac ambulances were being driven about by the defence forces. My informants looked upon this as a needless extravagance in the provision of ambulances, and requested that I look into the matter. I therefore put some questions on the order paper which were answered first on March 4, in this form as recorded at page 2603 of *Hansard*. The first question was:

How many ambulances have been purchased by or for the defence forces, since January 1, 1952?

The answer was 95 units. Question No. 2 was:

What was the number of each make, e.g., Ford, Dodge, etc., and what was the price paid for each make?

Now, the answer to that was that there were 36 purchased from the Ingersoll Body Corporation at a price of $5,390 each, and there were 37 purchased from the Flexible Funeral Car and Ambulance Company of Canada, at a price of $5,950, 22 from Chrysler Corporation of Canada, Limited, which were ¾ ton 4 × 4, M43, at a price of $5,833.83 each. These latter 22, of course, were field am-

bulances adapted for cross-country work and so forth. It is the other 36 and 37 to which I refer.

I put another set of questions on the order paper in this form which appear at page 2958 of *Hansard* for March 16, 1953. The first question was:

> Of the 36 ambulances purchased for the defence forces from the Ingersoll Body Corporation, what was the make of the chassis and engine, or if more than one, how many of each make, and the cost per ambulance for each make of chassis and engine.

I asked the same question concerning the 37 purchased from the Flexible Funeral Car Company, and the answer given was as follows:

> The 36 heavy cars ambulance purchased from Ingersoll Body Corporation were supplied with standard Commercial General Motors chassis and engines for which Ingersoll Body Corporation metropolitan type body was designed.

The same answer was given for the 37 ambulances. I should like to ask how many of these ambulances were actually on Cadillac bodies with Cadillac engines, and how many were of other makes, and what was the cost of each?

Mr. Campney: I understand that the chassis of the 36 Ingersoll Body Corporation ambulances which were purchased were Cadillac chassis. These ambulances are standard metropolitan ambulances. The quotations by the Ingersoll Body Corporation were on the Cadillac chassis $5,390 and on the Dodge chassis $6,434. The lower price was accepted.

Mr. Harkness: If I understand this matter correctly, the cost of a Cadillac ambulance is less than that of a Dodge ambulance.

Mr. Claxton: That is right.

Mr. Campney: The quotations on the chassis showed the difference which I have quoted.

Mr. Harkness: In spite of the fact that an ordinary commercial Cadillac car is, I think, three times the price of a Dodge?

Mr. Claxton: That is right.

Mr. Harkness: That seems to be remarkable.

Mr. Adamson: Last night I was about to ask about the major item in the navy estimates, namely $140 million for ships this year. The question I should like to ask is this. I do not see the matter referred to very clearly in the white paper. Can a progress report be given of the ships expected to be delivered or some progress report on their construction, or as to what we might expect in this calendar year? I gather that the new carrier, the *Bonaventure*, is to be paid for by Canada. I wish to compliment the navy on that fact because I think we have grown out of the stage where we can borrow ships from the United Kingdom. I think we have got to build our own ships and own our own ships, and not be in a position of borrowing them. Can the minister say what the situation is?

Mr. Claxton: Yes, Mr. Chairman. The estimates include the Arctic patrol vessel, $1,635,000. That is expected to be delivered.

Mr. Adamson: That is not the *C. D. Howe*?

Mr. Claxton: No.

Mr. Adamson: That is the new one?

Mr. Claxton: That is the *Labrador*. It was launched last year. On the 14 escort vessels the estimate of further funds needed is $124,605,000; on the 14 coastal minesweepers, $10,060,000. Ten are expected to be delivered. Eight patrol craft, $1,700,000. Two are expected to be delivered. Thirty-nine auxiliary vessels, $9,389,000. Thirty-one are expected to be delivered. On the *Bonaventure*, the estimate is $11,700,000. On the modernization of 16 frigates, $7,800,000. Fifteen are expected to be delivered. On the modernization of 18 Bangors, $3,400,000. Ten are expected to be delivered. On other incidental expenses in this connection, $1,155,000.

Mr. Adamson: The minister did not say—or if he did so I did not catch the figure—what was the cost of the escort vessels.

Mr. Claxton: A further $124,605,000.

Mr. Adamson: For how many?

Mr. Claxton: Fourteen.

Mr. Adamson: About $10 million each?

Mr. Claxton: Yes.

Mr. Adamson: And for the *Bonaventure*, $11 million?

Mr. Claxton: A further $11,700,000.

Mr. Adamson: What percentage is that of the total cost? Can the minister tell us what she is likely to cost altogether?

Mr. Claxton: Of the order of $20 million, without aircraft.

Mr. Adamson: That is an escort vessel. I suppose that includes armament?

Mr. Claxton: Complete.

Mr. Adamson: Then I suppose an escort vessel costs approximately half the price of a carrier?

Mr. Claxton: We got the carrier at less than the cost for a carrier that commenced today because it had been partly completed at a time when prices were lower.

Mr. Adamson: I am asking approximately what would be the cost of the carrier or the

increase in cost if it were built now or if we had to pay full price for her.

Mr. Claxton: It is extremely hard to say because these are all special jobs. I do not think any of them are done on a tender basis. But for a fleet carrier, equipped as this one will be, the cost might be in the order of $30 million, or probably $35 million, without aircraft.

Mr. Adamson: And the cost of the aircraft for the carrier will be what?

Mr. Claxton: Again it is extremely hard to say because they are only beginning to produce jet aircraft for carriers. Also that is in part a matter for the Department of Defence Production. There are only two types of aircraft so far developed for use from carriers, the one American and the other British. The British is a heavier one than the American. I would think they would cost about half a million dollars each.

Mr. Adamson: How many of them does the carrier hold?

Mr. Claxton: Thirty-two on the carrier itself. Then as a rule there is a group on shore of another thirty-two. Then there are the reserves to provide for maintenance and wastage for at least a year. That would be, I should say, another 50 or 60 aircraft. Altogether there would be about 120 aircraft at $500,000 each—say $50 million approximately for the aircraft.

Mr. Adamson: That means then that your total capital cost of the modern carrier, including aircraft, would be in the nature of say $50 million or $60 million, plus $35 million, or approximately $100 million?

Mr. Claxton: Something under $100 million for a carrier of this type; but for a carrier of the type of the *Forrestal*, my recollection is that it would be about $1½ billion.

Mr. Adamson: The *Forrestal* is the new United States carrier?

Mr. Claxton: Yes.

Mr. Adamson: And it is—

Mr. Claxton: A super carrier.

Mr. Adamson: Yes; it is a super carrier. The minister says the cost would be about $1½ billion for that?

Mr. Claxton: Yes.

Mr. Adamson: It seems to me that an extremely large number of eggs are riding in one hull.

Mr. Claxton: Then of course, before a carrier like that can move safely to sea, it must have an attending appendage of destroyers, battleships, cruisers and a complete galaxy of vessels to protect it.

Mr. Adamson: Yes, the minister is correct. I just wondered whether the minister is correct in saying that the cost of the *Forrestal* was $1½ billion or $1,500 million?

Mr. Claxton: That is what I understand.

Mr. Adamson: Then there are the auxiliary craft. In other words, when one major carrier goes to sea, it is almost a fleet action?

Mr. Claxton: Yes.

Mr. Adamson: With all its auxiliary craft and everything?

Mr. Claxton: That is right.

Mr. Nowlan: Last night the minister said he could give us some information with respect to the cost of the seaward defences at Halifax. At the same time, in view of what has been said about the *Bonaventure*, I would ask the minister if he would comment on the suggestion that there will be built at Eastern Passage a pier or wharf for the accommodation of possible aircraft carriers in the future. Just what is to be done? Is that construction starting now and what will be included in it?

Mr. Claxton: Yes. That is intended; and the provision is made in these estimates for the commencement of a jetty. That has been approved also by treasury board, so we anticipate to begin work on it this year. As regards the seaward defences, up to December 31, 1952, $2,467,000 has been spent in Halifax harbour.

Mr. Nowlan: What is the estimate of the cost of the pier which is to be built at Eastern Passage?

Mr. Claxton: $900,000.

Mr. Pearkes: I should like to ask one question supplementary to that which has just been asked with regard to the progress of vessels. Of course there is a great deal of difference between the launching and the commissioning of a ship.

Mr. Claxton: Quite so.

Mr. Pearkes: Can the minister give us any idea as to how many of these escort vessels will be commissioned this year?

Mr. Claxton: None.

The Deputy Chairman: Shall the subheading "navy" pass?

Mr. Claxton: I beg your pardon; I am subject to correction. It may be possible to commission the first late in 1953, but I doubt it. That would be very good progress, and it

would be escaping with a minimum of difficulties that are likely to arise.

Mr. Pearkes: I realize that.

Mr. Claxton: I have one answer I should give the hon. member for Greenwood in reply to his question yesterday about major construction projects. I mentioned in my speech that we had 1,048 major construction contracts. By this we mean contracts involving more than $10,000. They vary from several million down to $10,000. We have information available for each of the three services, navy, army and air force, detailing each major construction contract showing the items comprising the contract with the expenditure incurred as known at the end of the year. That is the end of the calendar year, December 31, 1952. A great part of this information has already been put before the defence expenditure committee, and if anything further is desired it can be dealt with there in detail.

A breakdown of construction contracts which might be useful here is that showing those supervised by Defence Construction Limited or other agencies which constitute the major construction contracts. We have no major construction contracts that are let by the Department of National Defence itself. They are handled for us by Defence Construction Limited or by Central Mortgage and Housing Corporation. The only contracts that we supervise are those for renovation, repair, alteration and the like, and most of these are under $10,000. The number and value of major construction contracts since April 1, 1950, are: major contracts supervised by other agencies, 968; under construction during 1952-53, 749. Major contracts supervised by the Department of National Defence, total 1,100; under construction 1952-53, 299. The totals are 2,068, or under construction in 1952-53, 1,048, the figure I gave at the outset.

In addition there are contracts for married quarters which are constructed by Central Mortgage and Housing Corporation, which is responsible for design, layout of the contract, inspection and supervision.

The question of standard buildings was raised, and it was suggested that in view of the fact that we use to a great extent standard building designs that have been worked out, we shall not require the service of consultants. This unfortunately is not so. The standard buildings have to be modified to suit the site condition. This involves the design of foundation in each case. There also has to be supervision by engineers and architects during the course of construction for which they receive the fees that are set by the architectural association and which are current in civilian practice. I might point out that in major construction in apartment housing, it is estimated that rather more than 50 per cent of the cost today goes for what is called engineering, a much bigger proportion than in building up to recent times. Therefore, in almost every case it is necessary to have an engineer. The normal design fee in commercial and industrial practice for individual buildings is 3 to 4 per cent of the cost.

Owing to the use of standard buildings as high a percentage as this is not usually paid for design in the case of buildings for the Department of National Defence. For example, in the case of 460 standard buildings constructed by the R.C.A.F. from standard designs the consultant fee paid represented approximately 1·5 per cent of the cost, or much less than half of the cost usually paid by civilian purchasers on individual contracts. Already the total number of buildings constructed or being constructed to designs which are standard is 754. One design has been used 45 times, and 27 designs have been used 10 or more times each, so that this practice of having standard designs, which we started as far back as 1948, has paid off very substantially from the point of view of saving money and also of speed in getting on with the job.

I should add in answer to the question about the commissioning of ships, it is hoped that eight new minesweepers will be commissioned in 1953-54.

Mr. Adamson: That is to the end of the calendar year 1954?

Mr. Claxton: No, that is the fiscal year.

Mr. Adamson: By March 31, 1954?

Mr. Claxton: Yes.

Mr. Adamson: While the minister is on that can he give the committee an estimation, apart from these minesweepers, of the total number of ships that we expect to be commissioned in 1954?

Mr. Claxton: Fifty-six.

Mr. Adamson: What are they? They are the minesweepers—

Mr. Claxton: I have given a great deal of information about the battle order of the navy. Does the hon. member really want me to spell them out?

Mr. Adamson: No. I mean the minesweeper is the largest—

Mr. Claxton: No. These are not all new ships. The total number that will be commissioned by the end of the fiscal year 1953-54 is 56.

Mr. Adamson: Are these the total number of ships that will be in commission at the end—

Mr. Claxton: That is right. These are naval vessels quite apart from auxiliaries. In addition there will be 83 auxiliaries.

Mr. Adamson: That was up to 1956?

Mr. Claxton: No, by March 31, 1954, we will have a total of 56 naval vessels; that is vessels entitled to fly the white ensign. We will have a considerable number in reserve, but in addition we will also have 83 auxiliaries in commission.

Mr. Macdonnell (Greenwood): The minister gave a lot of figures in answer to my question last night. I am afraid that it has got me groggy because there were so many. The one thing I want to stick to, the one bit of solid ground I can get on for the moment, is this. I understood the minister to say that the definition of a major project or contract which I asked about last night is a contract of $10,000 or over. Incidentally I do not know how the minister can get down to that because we were just talking about a ship costing $1½ billion—

Mr. Claxton: I have no exact information about the cost of a ship. That must be understood. I am giving my recollection of what I have read in the press. I am sure that no official figure has ever been given.

Mr. Macdonnell (Greenwood): I realized at the time that the figure was of a great magnitude but I thought that it included one nought too many. I can hardly grasp an amount that large. I thought he meant $150 million. But apparently that is nothing. Now the minister gets down to small figures and he calls a contract at $10,000 a major contract. I confess that even from where I sit it does not look major even in our scale of expenditures. I would recall to the minister that I am interested in the fact that we have 200 or 300 architectural firms called in on these jobs to assist. I should like to have some yardstick to establish what a major contract would be, and which would meet with the judgment and the common sense of an ordinary man. I would say that one of $10,000 would not be major. I would say even that, considering what you get for $100,000 today, that would not be major. Therefore, I would like to ask how many contracts or projects there are over, we will say, a quarter of a million dollars. Perhaps the minister would let me have that information after the lunch hour.

And when I ask that I would ask also to have the minister let us know at what stage he feels it necessary to call in an engineer and an architect. I would presume that on a $10,000 job he would not have an engineer or an architect—and if I am wrong he will correct me. I do not wish to labour the point.

I was taken aback last night when I found that there were 1,048 major projects. I realize of course that it all depends upon how one defines the word "major". I cannot believe that in any man's language $10,000 would be considered major; so I have selected at hazard the figure of $250,000. Perhaps he could tell me how many are in that category.

Mr. Claxton: I shall be glad to get the information. However, I can tell the hon. member that I am sure he will have found in his own experience that in most contracts made by individual users involving the construction of houses costing $10,000 or more, they would use an architect, and the architect would probably employ a heating engineer. That is ordinary practice.

We do not do that, because we have houses by the thousand.

Mr. Macdonnell (Greenwood): Yes, that is what I mean.

Mr. Claxton: And, in connection with our housing projects, Central Mortgage and Housing Corporation employ all the people necessary. I do not think they use architects even on the big camp sites.

Mr. Macdonnell (Greenwood): Now the the minister is getting right along to the point. He has answered one question when he says that where a private individual spends $10,000 he certainly has to have someone to look after it. Yet, here we have units by the score being built. However, I shall wait until I receive the answer to my question. I have taken an arbitrary figure when I have defined my understanding of the word "major", for my own purposes.

Mr. Adamson: My reason for asking about the capital cost of ships is that, as the minister knows, I have advocated that Canada should at least consider the advisability of having a submarine branch in the navy; and that now, with the atomic submarine apparently costing about $19 million, it is not a very great sum in comparison with the cost of major ships.

Mr. Claxton: I am prepared now to give the hon. member for Greenwood some figures. The number of consultant contracts in

existence since April 1, 1952, is 334. A consultant contract is where a consultant has been employed for the Department of National Defence. We do not employ them; they are employed for us by Defence Construction Limited. We do not ever engage an architect or engineer as a consultant directly. The number of consultant contracts, or contracts involving the use of consultants, awarded between April 1, 1952, and February 28, 1953, is 123, making a total of 457. During this period, 87 of the contracts involving the use of consultants have been completed. So that the total number of contracts, under administration today, involving the use of consultants is 370.

Mr. Catherwood: Has the turkey producers association made any request to the department to have turkeys served on the menus of military establishments across Canada and in the armed services at least once a week? This matter was brought to my attention by the organization. We all know turkey is a real delicacy on any menu. I hope the matter is being considered by the department.

Mr. Claxton: I do not know whether it has been coincidence, or whether they have been dressing up because the boss is around, but I have never gone into a cookhouse without seeing either steak or turkey.

Mr. Knowles: Did they not have Lake Winnipeg goldeye?

Mr. Claxton: I am sorry to say there are not enough of them.

Canadian Army—Active force and general.

Mr. Harkness: I should like to inquire first about the educational standards required in the army, and the way in which they have been changed. Some time ago I placed a question on the order paper, to which I received an answer on February 5. In that question I asked the following:

1. What are the educational standards at present required for enlistment in the (a) navy; (b) army; (c) air force?

2. On what date were these educational requirements put into effect?

The answer I received dealing with the standards required by the army was as follows:

The suitability of applicants for enrolment in the Canadian army is tested by aptitude and intelligence tests.

In other words there are no educational requirements at all. As a matter of fact I understand that a certain number of men who were unable to read or write were taken into the army. On the other hand the educational requirements of the navy stipulate the completion of elementary schooling. The same applies to the air force, except for aircrew, where junior matriculation is required.

Why were the educational requirements for the army abolished on November 13, 1951? How can men who cannot read or write, and who are taken into the army, be usefully employed; because, in the light of the technical development that has taken place in that branch of the service, it would seem to me that educational requirements equal to those of the navy or the air force are necessary in the army for practically all jobs, particularly those jobs in any of the technical corps.

Mr. Claxton: I have never heard of there being in the Canadian army any soldier who could not read or write. If the hon. member has knowledge of that, it is news to me. Such a case has never been brought to my attention. I have never heard such a suggestion before, and I would doubt it very much.

I would agree with him that it is quite inconceivable that useful work could be found for anyone in any of the three services who could not read and write. The educational standards are precisely the same as those for the soldiers in the second world war, namely the aptitude test and the M-test, and the same score is now required as was required at that time.

It is difficult to relate a common educational standard to school grades. It is even difficult to talk in terms of grades because there are ten provinces in Canada and the grades, as we find, do not correspond. Generally speaking, however, a man who passes the aptitude test and gets the required score is likely to have at least sixth grade and probably more likely seventh. In the navy and air force the educational requirements are just about the same. They both use a combination of grade measurements and aptitude tests.

Mr. Harkness: I should like to ask the minister if it is not a fact that up to the 13th of November, 1951, there was an educational requirement of elementary schooling, in the army as well as in the other two services, which has now been abolished. He has not explained really why there should be this difference between the services.

Mr. Claxton: At the time of Korea, in June, 1950, we had raised the standards to a very high level because we were getting more men than were needed to provide for the planned build-up of the three services, and intake was controlled by raising the standards. However, in the case of the 25th and 27th brigades we applied the wartime standard and that has been applied since.

Mr. Harkness: I want to get at this point. Is this one of the cases in which the standardization as between the three forces, which was

put into effect some years ago, has now been departed from?

Mr. Claxton: No; it was never achieved. The three services each had their own methods of selection. There is a committee which has worked on common standards but the navy and air force prefer to keep their own separate systems because of different requirements, including a higher proportion of other ranks in the navy and air force able to take technical training, and I mean technical in the precise sense, to train as artificers, mechanics and electricians. In view of the fact that these standards were well worked out and well known in the three services, I did not feel anything was to be gained by making them uniform. In fact we would have lost rather than gained by it.

Mr. Harkness: In a dispatch by Bill Boss a few days ago I noticed that the great majority of the people in the brigade had educational attainments of less than grade 8, and that a considerable amount of work was being done, or proposed to be done, to provide education for these people in the army. Can the minister tell us what progress has been made? According to the article, the majority of afternoons are spent in educational activities and so forth. Has the minister any definite figures as to how much the educational standards of the men of that brigade have been raised? I think it is an excellent thing to be doing.

Mr. Claxton: I made a statement on this matter the other night in answer to the hon. member for Cape Breton South.

Mr. Harkness: So that there will be no repetition, perhaps I might interject that what I want more particularly is the number of people taking educational work and what progress has been made.

Mr. Claxton: I would have to get the precise information from abroad. We have arrangements made under which education is carried on by correspondence courses in the same way as during the second world war when the system was organized by the Canadian Legion, which had an excellent committee on the subject under the chairmanship of Colonel Wilfrid Bovey, who is well known to a number of hon. members. We have carried that on since with the co-operation of the Canadian Legion and the Department of Veterans Affairs.

My recollection is that at the present time there are about 1,500 courses being taken. In the case of the 27th brigade, it would probably be a fair estimate that the other ranks are all about grade 8. If you consider the matter, that is a very good grade indeed for peacetime forces and for people engaged in corresponding work in civilian life. The men there are encouraged to take voluntary work and we are instituting a system whereby compulsory education is given to other ranks to bring them up to grade 8 as a minimum. That is just being instituted now. The facts I gave are to be found at page 3924 of *Hansard* for April 15. There are 5,360 serving personnel taking D.V.A. courses in the army alone.

Mr. Fair: It seems to be almost one o'clock, and I want to discuss with the minister the question of housing at Wainwright camp. I wonder if we might call it one o'clock.

Mr. Claxton: I am afraid I cannot be here at 2.30. I would be glad to answer the hon. member because I have been at Wainwright camp.

Mr. Fair: For quite a few months the question of housing in the town of Wainwright has been under discussion and has been causing quite a little dissatisfaction. Because of the building up of the camp over past years there has been quite a heavy influx of civilian personnel with their families into the town of Wainwright. As a result thereof and because there is insufficient accommodation, it has made it particularly hard for some of the residents of Wainwright who do not have their own homes, and the necessary housing is not available. On the 12th of February I received a letter from the secretary of the Wainwright and district chamber of commerce and agriculture dealing with this matter. He reported that at a recent meeting they had representations from the Wainwright branch of the Amalgamated Civil Servants of Canada with respect to the matter.

The chamber pointed out to these representatives that the only reason for the high rents and lack of accommodation was that the camp was not a permanent one. I asked the minister about the matter of permanency a couple of weeks ago and he told me it was permanent in the same way as Camp Petawawa and certain other camps are permanent. But apparently that has not fixed the trouble. Is any provision being made by the department to provide housing for married men on the permanent staff there and also for civilians working in the camp in a civilian capacity?

Mr. Claxton: As I said in answer to the hon. member the other day, Wainwright is a permanent camp, but we do not expect to have large units or numbers of soldiers there permanently. It is to be used for training units in field operations. These will be sent there, as has been done in the past two summers, for periods of one, two, three or four months. Generally speaking they wil

be under active service conditions and will be engaging in field operations on a very large scale.

Therefore we do not plan to have a very large permanent staff in the camp the year round. In the winter the camp will be used for winter exercises as was done, for example, in preparation for exercise Sweetbriar when we had some 2,200 men there for ten days. But it will not be used in the same way as Petawawa or Camp Borden where troops are stationed permanently. Therefore it will not have a large permanent staff. The staff who will be living there throughout the winter will be the minimum necessary to keep the buildings and the camp going. So far we have 26 permanent married quarters for which contracts have been placed. If we see any need for building any more we will build them, but so far that need has not been seen. Generally speaking, it is not our practice to build married quarters for civilian employees. We think that it is difficult enough for us to be in the landlord business on the scale we are with regard to service personnel without going into it for civilians as well. It is very unusual for us to have civilians in married quarters.

At one o'clock the committee took recess.

The committee resumed at 2.30 p.m.

Mr. Fair: Mr. Chairman, when the committee rose at one o'clock I was endeavouring to secure from the Minister of National Defence some favourable consideration with regard to the housing situation for permanent officers and for those people who have moved into Wainwright in order to work at the camp. The information I received from the minister was not very satisfactory. He pointed out that the camp was mainly used for three or four months during the summer, and was occupied in the wintertime by a staff of caretakers, if one could use that term. He did not feel that the department wanted to provide homes for the people concerned with civilian work at the camp. The people of Wainwright are not satisfied with that explanation.

I pointed out to the minister that I received a letter from the Wainwright and district chamber of commerce and agriculture informing me of the delegation from the Amalgamated Civil Servants of Canada, and that letter in part reads as follows:

> The chamber could only inform the delegation that high rents were due to two things: first, to the inability of the town to provide rent accommodation for more than a small fraction of those who desired it; and, second, the failure of the department of defence to make Wainwright a permanent military camp.
>
> Much rental property, some of it of a very unsatisfactory nature, has been provided by the permanent residents at considerable cost. As long as the use of the camp as a permanent training grounds remains in doubt, the owners of this rental property will seek to recover their capital investment in as short a time as possible to avoid serious loss. It would seem, therefore, that it is the duty of the government of Canada to protect their employees against excessive rents by providing a proper amount of competitive housing in order to force rents down to a more reasonable figure. If the department of defence would provide living quarters for married personnel on the permanent staff of the camp, the same result would be achieved.

The letter goes on to say that the rents being charged are very high, and in some cases there is a dearth of the most elemental conveniences, and then adds:

> Therefore, the morale of those who live in town is generally low. It is particularly unfortunate that our men in uniform should feel unfairly treated in their own country. The high ideal of the western allies in the "cold war" must lose some of its idealism in the eyes of those who, understandably, become disgruntled.

After the delegation went back and discussed the matter again with their own organization, I received this resolution from the secretary of the Wainwright branch of the Amalgamated Civil Servants of Canada, under the heading "Housing—Wainwright, Alberta." It reads as follows:

> Whereas, the present housing and rooming shortage in the town of Wainwright, Alberta has led to exorbitant rentals being charged for existing inferior accommodation; and
>
> Whereas, the Wainwright chamber of commerce and agriculture maintain that this condition is due to two things; first, the inability of the town to provide rental accommodation for more than a small fraction of those who desire it; and second, to the failure of the Department of National Defence to make Wainwright a permanent military camp; and
>
> Whereas, it is generally agreed that the town of Wainwright cannot, under these temporary conditions, adequately take care of the influx of both army and government civilian personnel seeking accommodation; therefore
>
> Be it resolved: That the government, on behalf of the said army and government civilian personnel, investigate immediately the housing conditions in Wainwright and render all possible assistance in the promotion of a low rental housing scheme to alleviate present conditions.

I may say that condition has existed for many months, and the troubles are not yet cleared up. I was hoping that today I would get some encouragement from the minister with regard to this matter. In any event, his answer was not very satisfactory.

While I am dealing with this subject, perhaps I should deal also with the matter of education of the families of these men in the military camp as well as the families of those civilian workers who moved into Wainwright, seeking work at the camp itself.

This movement has been the cause of a lack of accommodation in the schools which is costing the school board a great deal of extra expense. The board is now compelled to build more classrooms because of the presence of these people in the town who are not by any means permanent. As soon as the work at the camp is completed, then these people will move out again. I was wondering whether or not the government has considered giving any assistance in this connection. Perhaps the associate minister could give me some information on that, and then I may have one or two more questions to ask.

Mr. Campney: As has already been intimated to the hon. member, Mr. Chairman, the department seeks, so far as possible, to house its permanent service staffs at permanent camps, and those civilians who must necessarily remain at the camp practically all the time. Otherwise, the department tries to engage local civilians on the civilian side and most of these people look after their own housing needs. I might say that the situation at Wainwright is under consideration at the moment, and the particulars which the hon. member has mentioned will be considered and discussed with the housing authorities. Until now there have not been enough service children permanently located at Wainwright to justify considering school facilities, but I can assure the hon. member that both the problems which he has mentioned are being reviewed.

Mr. Fair: I thank the minister for that information. I hope that no time elapses in having both these matters investigated, because I do know from the letters I have received, and from a personal visit there not many months ago, that conditions are not satisfactory. The additional number of children present in the town as a result of workers moving in to take part in the building program at the camp has caused the members of the school board to make provision for additional classrooms. I believe those rooms are to be built just as soon as it is possible to do so. I think the department has some responsibility in that connection. If we should have peace in Korea—which is hoped for by many people, although not by some—then the camp may be closed or perhaps cut down materially. That would leave the ratepayers of the Wainwright school division putting up money that would not be necessary. I therefore hope that the department will see to it that an early investigation is made and that something definite is done to relieve those conditions which I have brought to the attention of the department.

There is another matter with respect to which I have had questions on the order paper for some time, namely the supply of milk to the Wainwright camp. I have asked for the price being charged to the camp during 1950, 1951, 1952 and 1953 to date. I understand an exorbitant price is being charged there, and I wanted to have that understanding confirmed before saying anything further about it.

Mr. Campney: I have not particulars of any contracts of that nature. I assume that tenders for milk supply would be called for and contracts let by the Department of Defence Production. The Department of National Defence would not necessarily have the details of any of those contracts. The question should be addressed to the Department of Defence Production.

Mr. Fair: I have placed those questions on the order paper. I realize that the departmental officials have been extremely busy providing information for the defence expenditure committee that is now sitting dealing with these matters, but I hope that information will be brought down soon because I want to say something about the matter before the session closes.

Mr. Higgins: Last evening the minister promised me an answer to a question I asked. Possibly the associate minister could give it today. It is in connection with the amount paid for 14 minesweepers. I suggested to him that the cost of these was estimated as $950,000 each whereas the actual cost was $3 million each. The minister promised to look the matter up and let me know today. I have not received the answer.

Mr. Campney: With reference to the hon. member's question, may I say that I understand the figure of approximately $900,000—

Mr. Higgins: $950,000.

Mr. Campney: —was not really an estimate of the completed cost of a minesweeper. It was only a preliminary estimate of the first elements, which go to make up a minesweeper. The ancillary things which go to make up a minesweeper's equipment and armaments, etc., were not included. The figure was in other words the initial estimate of the partial cost of a minesweeper. I am told that the cost of a completed minesweeper of the type to which the hon. member referred is in the order of $3 million.

Mr. Higgins: Is that not an extraordinarily large discrepancy? I refer to the difference between $950,000 and $3 million?

Mr. Campney: What I endeavoured to tell the hon. gentleman was that the $950,000 figure was not really at any time a full estimate of a completed minesweeper. It was a

preliminary estimate made of the first elements of a minesweeper when the construction program was being set up. It was not the full estimate of the cost of a completed minesweeper at any time.

Mr. Higgins: I am not disputing what the minister says. But was it not announced, at the original time the announcement was made of this fact, that the cost would be $950,000?

Mr. Campney: Not to my knowledge. I have no recollection of any announcement to that effect.

Mr. Macdonnell (Greenwood): That is not an answer at all.

Mr. Campney: I think the hon. member for Greenwood asked for some further information from the minister during the morning session. He asked what were the number of construction projects involving a cost of a quarter of a million dollars or more. The figures which I have been given show that from April 1, 1950, to February 28, 1953, the number of such projects was as follows: In the navy 29, having a dollar value in the aggregate of $28,579,438; in the air force 319, having a dollar value of $364,035,050; and in the army 102, having a value in dollars of $88,042,107; or a total of 450 projects having an aggregate dollar value of $480,674,595.

Mr. Knowles: Mr. Chairman, I hope hon. members on the other side of the chamber will not think anything has gone wrong with me when I say that I am rising to extend a compliment to the Department of National Defence. It arises out of a matter which a number of hon. members have referred to during the course of this discussion with regard to the army estimates. I refer to the provision which is being made, or which some members feel should yet be made, with repect to the education of children of service people stationed permanently in various locations.

The compliment I wish to extend is in respect of the arrangement made between the Department of National Defence and the school board of the city of Winnipeg. As the associate minister knows, the department has stationed a large number of service personnel permanently at the Fort Osborne barracks. That fact created a tremendous problem for the school board of the city of Winnipeg. Perhaps I must qualify my compliment by saying that negotiations seemed to be unusually protracted and that the chairman and the members of the school board of Winnipeg thought at times that it was taking too long to complete the arrangement. However, when the arrangement was finally completed, it was highly satisfactory. It involved, in the main, a considerable contribution of federal money to the school board of the city of Winnipeg in order to enable it to put up the necessary building and to provide the necessary equipment.

I may say further that the members of the school board of the city of Winnipeg are perfectly satisfied that there will be no interference with their handling of the affairs of this new school and that there is no interference with provincial jurisdiction over education involved in this financial assistance. In other words, I rise to offer this compliment and I express the hope that other members who are concerned with similar problems in their locality will take heart from the fact that in this case a satisfactory agreement was concluded. Of course, we have an extremely progressive group of people on the school board of the city of Winnipeg, and they pressed the matter until there was this satisfactory agreement. I want to say also—as I said the other day—that in a case like this we are glad to know that the government's reluctance to provide federal aid to education did not interfere with the need for dealing with this problem. We in the city of Winnipeg are pleased with the arrangement, and we hope that this principle of federal financial aid to education will be extended.

Mr. Campney: I wish to thank the hon. member for his kindly words.

Mr. Dinsdale: I should like to ask a few questions of the associate minister. They arise out of a return that was tabled yesterday concerning welfare services. I have a fairly comprehensive report on the present situation of welfare in the various services. Question No. 2 reads:

> What staff at unit level is detailed exclusively to welfare service duty in (a) Korea; (b) Germany?

I find that the reply indicates that one officer and an assistant is delegated exclusively to welfare work. My specific question is this. Does that indicate that there is on foot a move to militarize welfare services? It seems to me that formerly there was no officer designated as such for welfare services. My question is, does it mean that welfare is going to become an integral part of the military organization?

Mr. Campney: In response to the specific question, it is my information that in each battalion or equivalent unit—I know it was so when I was in Korea a year or more ago—there is an officer and an assistant who is delegated to carry out what might be included in the general term of welfare duties in that unit. I think that has been

the established practice and has been fairly generally used for quite some time.

The question of welfare, as the hon. member knows, is one that is under continual study, and up until the present time it has been felt, after much study and consideration, that to carry on these services within the service itself—the army in this case—is the most satisfactory way of handling the situation in the circumstances which obtain at the present time in our Canadian army.

Mr. Dinsdale: It does not necessarily mean that it is going to be a process of militarizing welfare. If voluntary services would appear to do a better job, they might be resorted to, if circumstances change?

Mr. Campney: I think it would be fair to say this. In the consideration of this problem there is no intention at all, as the hon. member puts it, to militarize welfare services. If we are convinced at any time that whatever arrangement is worked out by study and experimentation could be improved upon, we shall give consideration to that fact, but up to the present we have felt that the present method of handling that part of the interests of the troops is best.

Mr. Harkness: I should like to bring up the matter of desertions. I got a return on December 18 which showed that at that time a total of 2,005 persons were listed as deserters from the armed services. There is an article in the Calgary *Herald* of November 29 which bears that out. I will read part of it. It says that the armed services really make no efforts to apprehend deserters or to deal with them. This particular article deals with a soldier who came back from Korea. He was a deserter for some three or four months during that period. Whilst he was a deserter he drew $260 in gratuities which were paid over to him anyhow. He went across the border through our immigration people, and so forth, came back and eventually, after several months, gave himself up. After dealing with all these circumstances the article says:

> During that time—

That is the time that this man was a deserter. I continue:

> During that time my acquaintance was making fruitless attempts to persuade the army to collect its missing soldier, providing them with information which would have made it quite simple for him to be picked up. At no time did the army display the slightest interest in the matter, and one letter from the adjutant-general's department in Ottawa makes the astounding statement that "the primary responsibility of an absentee of the Canadian army is for him to return to his unit or to the nearest Canadian army establishment" . . . It is in the absentee's interest to report as soon as possible and thus terminate his offence.

The comment on that is:

> This is like saying that it is the duty of all offenders against the laws to surrender themselves to the police.

What steps are taken by military authorities, by the department, to apprehend deserters and to cut down on the number of deserters? The number of 2,005 is quite a large one; in fact it is approximately a little more than 2 per cent of the total number in the services, or it was at the time this article was published.

Mr. Campney: The question of deserters of course is a serious one in any service. I suppose it is reasonable to say that it is likely to be much more common in a cold war than in a hot war. The problem is with us, and I am informed that we do try to apprehend all deserters. But as to the degree of the effort that is put into the search, the number of people required in the provost corps to carry on such duties in addition to their regular duties is an important consideration. Generally speaking, we do apprehend as many as we can as quickly as we can. The figure of 2,005 quoted by the hon. member includes I am told a considerable number of deserters who have since been apprehended. Naturally I do not know the specific facts about the case to which the hon. member has just referred.

Mr. Harkness: On that point, the statement in this return put out by the department is that the deserters not subsequently apprehended or returned to duty were 2,005.

Mr. Campney: As of that time, yes; but we still continue to apprehend them as fast as we can, and have obtained a good many of them since, I am told. I am also advised that in connection with the apprehension of deserters the provost corps work with local police in the cities and provinces and also with the R.C.M.P., and that they do continue at all times to search for the missing men.

Mr. Harkness: What does the minister say about this article I have just quoted, which states that the soldier's absence and his situation, where he was staying, were reported to the army and no action was taken.

Mr. Campney: Frankly I would not say anything until I looked at the case and the file. I do not want to express an opinion on an excerpt from a newspaper article, but if the hon. member will give me particulars I will have the matter looked into. I would not care to comment further on the case until I know more about the actual facts.

Mr. Gillis: I have a question which has to do with this problem. A lot of the service personnel returning from Korea and being

discharged from the 27th brigade are boys who went into the service with no previous employment. They are now coming out of the service and they are still unemployed. The government has set up a system whereby their unemployment insurance credits are paid for them while in the service, but when they register for employment or unemployment insurance, it is necessary that their record of credits come down from Ottawa to the unemployment insurance commission office. I have had cases myself that go back over the last year. In one case the boy had anywhere from two months to five months of his unemployment insurance commission credits returned to the local office. I have had considerable correspondence with the defence department, and I do not think the trouble is there because the mechanics that have to be gone through are that national defence reports the discharge. Then veterans affairs have something to do with it, but in the final analysis it must come through to the Department of Labour. I have seen boys who were married and unemployed who waited all that time to get those credits through. Is any progress being made in linking up the three departments necessary to get these credits through as quickly as possible?

Mr. Gregg: Speaking on behalf of the unemployment insurance commission, this is the first time that such a complaint has come to my attention. For my part we will certainly look into it to see what can be done to prevent any delays of that kind occurring in the future.

Mr. Gillis: I have written the minister's department through the deputy minister, and apparently there is no co-ordination there. I do not know where the roadblock is, but it is somewhere between national defence and the Department of Labour.

Mr. Gregg: I should be glad to look into it.

Mr. Harkness: To return to this matter of deserters, the total number listed as not having been apprehended at November 20, 1952, for the previous year was 2,005. Can the minister tell me how many of these have been subsequently apprehended, and what is the total number of people listed as deserters at the present time?

Mr. Campney: I will try to get that information later.

Mr. Fulton: I should like to ask the minister some questions regarding two pieces of army property. The first of my questions is concerned with the armouries at Quebec city. I noticed, according to an article in the Ottawa *Journal* of February 11, that there had been three explosions in the armouries in that city. The implication in the report, as I understood it, was to the effect that while the authorities did not wish to express any official opinion at that time, they did use words which raised the question as to whether or not those explosions had been set, or whether they were accidental. I am particularly interested in knowing whether anything has been found out since that time which would establish whether they were deliberately set, and the damage done by the explosions.

Mr. Campney: I am informed there were three separate fires which originated in the armoury to which the hon. member has referred. I think no great damage was done; but each of those fires is now being investigated. I have no report as to the causes of any of the three fires as yet.

Mr. Fulton: Was I correct in understanding that the words used were to the effect that it was felt investigations might establish that they were set deliberately? If so, has anything further developed?

Mr. Campney: I think that was the view of a newspaper. We will have no definite views in the department until we receive a report.

Mr. Fulton: The impression left by the article was that it had been based on a statement by the authorities. Would the minister let the committee know, as soon as he can, what the exact situation is?

Then I have a further question concerning the ordnance depot at Plouffe park. It has come to my attention during this week that certain buildings there are being dismantled. They are not part of the main structure, although they are within the fence around the depot. These are buildings which, I understand, were erected at some considerable cost, and they are now in process of being dismantled. What is the reason for their dismantling, and what did it cost to erect them?

Mr. Campney: I am not aware of the circumstances to which the hon. member refers, but I shall be glad to get the information.

Mr. Fulton: This is not based on personal observation, but on the observation of someone who reported direct to me that this is in fact the case. I would be interested in knowing the reason for it. They are being dismantled, and I should like to know how much they cost, because I am informed they were constructed within the last year and a half.

Mr. Campney: I shall be glad to obtain the information.

Mr. Green: I have two questions to ask the minister, the first of which has to do with benevolent funds. It has been my understanding that men who have served in Korea with the army do not have the same privileges in the matter of benevolent funds as are available to the men from the air force and the navy. On March 30 answers were tabled to the following question I had asked:

1. Are veterans with Korean service eligible for assistance from the navy, army and air force benevolent funds?
2. Is there a difference in the treatment of such veterans depending on the branch of the service to which they belong?
3. If so, for what reason is such distinction made?

The answers I received were as follows:

1. (a) Canadian naval service benevolent trust fund: Yes.

So it appears that the Korean veterans of the navy have the widest possible privileges. The answers continue:

(b) Army benevolent fund: No.

The army benevolent fund was established by act of parliament to administer funds remaining from canteen operations during the second world war. It provides assistance for veterans who served in the Canadian army during the period September, 1939 to September, 1946. To be eligible for benefits, a Korean veteran must also have served during the above period.

Then, the answer in respect of the air force was that their veterans were eligible. From these answers it would seem clear that a difference is made, and that the young lads who served in the army in Korea cannot get any help from the army benevolent fund.

During the discussion of the estimates on April 15 the Minister of National Defence made a brief statement on the point, which is reported at page 3928 as follows:

I should add, however, that it has been decided to institute a Canadian army welfare fund similar to the benevolent funds for the air force and navy for the purpose of extending benefits to serving personnel. That has been set up and a statement to that effect will go out tonight.

Will the associate minister tell us exactly what provision has been made, and the method in which these funds are to be made available to the Korean army veterans?

Mr. Campney: The statement by the hon. member is essentially correct. The difference in utility of the benevolent funds depends upon the terms of charters under which they were organized. The navy benevolent fund and the benevolent fund of the air force are fairly wide in their scope, and include service after world war II. The army benevolent fund, on the other hand, as indicated by the hon. member, was set up to deal only with funds accumulated during world war II. As the minister stated in the house, a benevolent fund is now being established to be known as the Canadian army welfare fund. This will be a continuing fund, will be administered by the same officials and trustees as the army benevolent fund, and will operate in respect to army personnel subsequent to world war II in the same way and under the same conditions generally as the army benevolent fund operates in respect of those who served in the army in world war II. I am not sure if the fund is actually in operation, but if it is not it soon will be.

Mr. Green: At the present time are there not greater privileges for men from the navy and air force than there are for men of the army who served in the second world war? I understand the navy and air force funds are operated by private trustees, whereas the army fund is administered by one of the government departments, and that the soldier is not able to get loans or help of other kinds to the extent it is available to sailors and airmen.

If that is so, the present plan merely stretches out that disadvantage to include the Korean veterans of the army. I should think that from now on Korean army veterans should have exactly the same privileges as are enjoyed by Korean navy and air force veterans.

Mr. Campney: I might not be correct but I was of the view that the army, navy and air force funds to which we have been referring were administered almost on the same basis. I believe the army benevolent fund is administered under the direction of the army benevolent fund board and that at the present time General Murchie is the chairman of that board. I cannot say categorically that the hon. member is not correct as to there being some difference in methods of application of the three benevolent funds, but I was not aware of it. I shall be glad to look into the matter.

Mr. Green: I think the minister will find that there is quite a wide difference. I would ask him to find out, for example, whether a soldier can get a loan from the army benevolent fund. I may not have the correct information but it is my understanding that the army man cannot get a loan whereas the navy man and the air force man can do so from their funds. I also understand that the army benevolent fund is administered by the Department of Veterans Affairs. Is that correct, or is it not?

Mr. Campney: I am informed that the hon. member is correct in stating that the army benevolent fund does not make loans, but

the Canadian army welfare fund now being established is being empowered to make such loans. I shall look into the situation.

Mr. Green: Is it the intention that the Canadian army welfare fund now being set up will be used to give the army veterans of Korea exactly the same privileges as are enjoyed, and properly so, by naval and air force veterans of Korea?

Mr. Campney: I understand that is substantially correct.

Mr. Cruickshank: What is the procedure with respect to packing plants tendering for the provision of supplies such as meat at army camps? My understanding is that the contracts are given to a select few, and I cannot quite follow the reason for that. I would presume that any licensed packing plant should be permitted to tender, but apparently that is not the procedure. Why is that not so?

Mr. Campney: As I mentioned in reply to another question some time ago, the question of tenders for supplies is entirely within the hands of the Department of Defence Production. All we do is requisition what we want. The obtaining of such supplies, whether by tender or otherwise, is in the hands of that department. I am afraid therefore that I cannot answer the hon. member's question as to the basis on which the commodity to which he has referred is obtained.

Mr. Cruickshank: Then I think it would be a good idea if we left Korea for a while and some of the departments got together. I have a series of letters in my file, and the Department of Defence Production says that it is the Department of National Defence that has the say. The Department of National Defence sent me to the Department of Agriculture, and I expect to land in the Department of National Health and Welfare or maybe external affairs before a concern in the province of British Columbia is able to obtain the opportunity of bidding. I am not suggesting that any particular firm should get a contract but I do insist that any packing plant which is fully licensed by the federal and provincial governments should have the opportunity to bid.

The correspondence does not merely date back a week or two. It runs over a period of months, and if it takes that long for the department to decide among themselves who has the authority, possibly Russia will have declared peace before this concern is able to sell any meat. I am asking for a definite answer. If the minister cannot give it now, then I ask him to have some of his officials—and I understand from the records that there are plenty of officials—check and find out why any licensed packing plant in the Dominion of Canada cannot tender on meat supplies particularly for the Department of National Defence. As has been said by someone behind me, Canada Packers and Swift's can get contracts, but Canada Packers, Swift's and Burns should not be the only concerns in the packing line recognized in Canada. If they are, I want to know why they are. Will the minister get me that information?

The Chairman: Order. I allowed the hon. member to put his question and to comment upon the reply, although he received the answer from the minister that tenders are called for by another department. Obviously the minister will give the same reply.

Mr. Cruickshank: Mr. Chairman, this is the first time I have taken part in the debate.

The Chairman: Order. It is not a matter of how many times; it is a matter of whether or not the hon. member is in order. He was in order when he asked his question the first time. I permitted him to comment upon his question although he had received a reply, but I tell him now that if he insists upon getting a repetition of a reply he has already had he is not in order any more. In any event, if the minister wishes to comment—

Mr. Cruickshank: All right. I should like to ask another question if I may, which will be in order. Will the minister get for me the names of the packing plants supplying meat to each camp in British Columbia and the amounts of the contracts awarded by each camp within the last fiscal year? Will he also get for me the names of any packing plants in the province of British Columbia which have not been awarded contracts but which have applied? Surely that is in order.

Mr. Campney: I do not know that it is in order for me to get that information, but I will certainly call the attention of the Department of Defence Production to the inquiry of the hon. member. I cannot speak for them but I assume that the information he wants will be given him. We do not even have it in our department and I can only refer the question to the people who do have it. I suppose they will have to determine whether they are able to answer all or part of the question.

Mr. Green: There is one other matter I should like to place before the associate minister. Press dispatches some weeks ago indicated that Canada is to erect a building in Washington, D.C., for the Canadian joint staff mission. Would the minister tell the committee how much the building, site and

equipment are to cost, and also how many people will be occupying the building when it is completed?

Mr. Campney: A site has been acquired in Washington, and I am trying to get the exact figure of the cost of that site. In view of the very extensive and close relationship that exists between our defence forces and those of the United States, and the staff that we have to maintain in Washington in that connection, it is proposed to construct a building on the site and I understand that the estimated cost of the building, for which plans are being prepared, is approximately $2 million. I am also advised that between 150 and 200 people will constitute the staff who will be using the proposed joint staff building. I have not got the price of the site but I will get it. By way of further explanation, the building will be utilized for offices not only for the representatives of the Department of National Defence but also for the representatives of the Department of Defence Production, which maintains a considerable staff in Washington.

Mr. Green: What accommodation do these people have now in Washington?

Mr. Campney: The present situation is that all these people are accommodated in rented quarters. One of the things that has precipitated the necessity of constructing this building is that one of the larger buildings now being occupied by our people is owned by the Australians, who want it and have served notice on us that they wish to repossess the building.

Mr. Green: What rental is being paid for the present accommodation?

Mr. Campney: I shall get that in a minute.

Mr. Green: The minister has said that the building is to cost about $2 million, and as he is going to get the cost of the site will he also get the cost of the equipment for the building?

Mr. Campney: I am informed that there ought not to be any, or at least very little new equipment required beyond the equipment in our various offices which will be transferred to the proposed building. The cost of new equipment will therefore be very small.

Mr. Green: How many officers does Canada have in Washington?

Mr. Campney: I will have that in a few minutes.

Mr. Green: I would like to know the respective duties of those officers in Washington.

Mr. Higgins: I have a question to ask the associate minister which I asked the minister on two occasions yesterday, but he overlooked replying. May I preface by saying, so that the associate minister will understand, that I am informed unofficially, but I believe quite correctly, that in Canada today there are some 1,500 armouries. There is an armoury in every capital city in each of the provinces, and there are two or three in some of them. The terms of union between Newfoundland and Canada provide that Canada will provide for the maintenance in Newfoundland of appropriate reserve units, which will include the Newfoundland regiment.

The Chairman: Order. My recollection is that the hon. member has asked this question before.

Mr. Higgins: It was not answered.

The Chairman: There was a reply by the Minister of National Defence.

Mr. Higgins: He did not answer it—or at least I cannot read it in *Hansard.*

The Chairman: It may not be a satisfactory answer to the member.

Mr. Higgins: It was not answered at all.

The Chairman: I heard an answer.

Mr. Higgins: May I put the question to the associate minister again so that I may have an answer.

An hon. Member: It was answered.

Mr. Campney: I think the hon. member's statement of the total number of armouries in Canada is not far off the mark. As far as additional armouries are concerned, it is largely a question of priority based on relevant necessity. There are a good many places where armouries are actually required. The rate at which we can build them is governed by the conditions which obtain. The order in which we build them is a matter of study of the priorities established. I cannot go beyond that.

Mr. Higgins: It is rather inconclusive. May I ask whether study is being made at the present time of St. John's with reference to the building of an armoury for reserve units.

Mr. Campney: I cannot give any specific information in regard to any specific location offhand beyond saying that we are reviewing all places where armouries appear to be called for. Those are matters which are considered by the relevant officers of the army and recommendations are brought forward in due course. What they are actually considering at the present time I do not know.

Mr. Higgins: One final question. Whom would I have to ask to find whether it is being considered or not? Who would know whether the matter is being considered?

Mr. Campney: I am informed that the question of an armoury at St. John's has been and is being considered.

Mr. Higgins: That is all I wanted to know.

Mr. Gillis: Mr. Chairman, I would like to ask the minister if he will explain why it takes approximately five months for a man being discharged from the service to receive a return of his contributions to the pension fund. This may sound like a small thing but it is not. For example, some of the boys who have returned after spending a year with the 27th brigade in Europe are released from the service after having put in two and a half or three years. When they come out they receive no clothing allowance and, as some of them went into the service at 18 or 20 years of age, they are much bigger when they get out and the clothes they left behind are now no good to them. They need the money to purchase clothing. In correspondence with the department I was told that it takes approximately five months to refund that money. Why should that be? All the documents of the boys are there when they are discharged and the amounts coming to them are known. I think it is unreasonable that they should have to wait that length of time for the return of their contributions. Can the minister explain why it is?

Mr. Campney: I do not know that I can explain why it is, but I can say that I agree with the hon. member that it certainly should not take that length of time. In recent months that whole situation has been studied and reviewed and the time is being shortened very materially.

Mr. Gillis: Thank you, sir.

Mr. Harkness: Mr. Chairman, I have here a return entitled "Canadian firms receiving large defence orders during the period March 16 to 31, 1953", which is put out by the Department of Defence Production. On page 5 I find this item:

Petawawa, Ontario. Removal of ashes, $18,600.

How many tons of coal are required to produce ashes which cost $18,600 to remove?

Mr. Campney: I imagine that would require the assistance of the dominion coal board or some organization able to compute coal in terms of ashes. All I would be prepared to say at the moment is: that is a lot of ashes.

Mr. Harkness: Mr. Chairman, I think it must be an enormous amount of ashes and it is why I think perhaps we should know the amount of coal necessary to produce those ashes.

Mr. Fulton: I want to ask the minister about another matter in connection with the 27th brigade in Germany. I am sure the minister and all in his department will have been reading with great interest a series of dispatches from Bill Boss, Canadian Press representative, who has recently gone there. In this particular dispatch, reported in a number of papers, and I am reading from the Ottawa *Journal* of April 13, in dealing with the difficulties the correspondent states that unit commanders—the three battalion commanders—are experiencing difficulties in connection with the maintenance of regimental traditions and affiliations within their units. The minister will be aware, of course, that when the policy of recruitment of this brigade was announced it was stated that the three infantry battalions—the rifle battalion, the highland regiment and the infantry battalion— would recruit each company from a separate reserve force unit in Canada. That policy was designed to maintain regimental traditions although we on this side said, and I remember that I personally raised the question, that it would in fact make it impossible to preserve regimental tradition. Nevertheless the official answer was that it was felt it would preserve regimental tradition and give each reserve force unit in Canada a spur to recruitment and also an incentive to look after its affiliated company in the corresponding battalion in Germany.

This article reports that cross postings within the battalions from one company to another, which of course are absolutely necessary in the administration of a unit, create enormous difficulties because these men have to take down shoulder patches and, in the case of the highland regiments, they have the wrong kilts, the wrong cap badges and so on. He instances certain cases where complications have arisen as a result of these facts. It is concluded here that the only way to overcome these difficulties is to do what, in fact, we forecast would have to be done, and that is to tell the men to forget that they came originally from the Seaforth or 48th Highlanders or the Royal Regina Rifles, whatever it may be, and tell them that they now belong to simply the First Canadian Highland Regiment or the First Canadian Rifle Regiment, as the case may be.

I want to ask the minister whether, in view of these difficulties which are reported, the department is taking a good look at this system and policy of recruiting, and whether it is not now realized that this system, which was designed to preserve regimental traditions, is in fact having the very opposite effect in making it necessary to tell the men that they can no longer regard themselves as having any affiliation or connection with the

parent regiment from which they may have been recruited in Canada.

Mr. Campney: The hon. member has touched upon a very difficult and serious problem; there is no question about that. The whole matter is, of course, under consideration. I might say that the system of rotation has added to the difficulties the hon. member has enumerated. The principle that was involved when the idea originated is, I think, a good one, and it is sound because it interests every unit across Canada. These difficulties are being studied with a view to seeing what might be done in that connection. The difficulties are great, and the matter is quite complicated, as the hon. member knows.

Mr. Fulton: Does the associate minister not think that ultimately the solution will have to be to name the units over there as entire units, that is if you do desire to maintain regimental traditions and perpetuate that which has been so valuable in infantry formations, that is the regimental spirit? It will be necessary, I believe, to name the units over there by one or other of the reserve force unit names in Canada, that is the whole battalion, instead of trying to keep five separate companies of the five separate regiments. Is it not logical that you will have to arrive at that sooner or later? I want to ask the associate minister whether or not that is the thought in mind, as I hope it will be, rather than that they will simply go on calling it the First Canadian Rifle Regiment or the First Canadian Rifle Battalion, which has no significance or connection with any past Canadian military formations whatever.

Mr. Campney: I appreciate the views and suggestions of the hon. member, but at this time I would not care to hazard an opinion as to what the ultimate solution will be. I do recognize, as do all the officials of the department, the difficulty to which the hon. member is referring.

Mr. Fulton: May I ask the minister whether consultations on that question are going forward between the department and the reserve association of the infantry corps, so that their views may be known and considered.

Mr. Campney: I understand that it will be taken up by the association at its next meeting.

Mr. Knight: I should like to ask the minister a question or two on the expropriation of land for defence purposes. A constituent of mine in Saskatoon has a lot in Winnipeg, about which I have recently written the minister and I have not yet had time to receive an answer. I make no apology for raising the matter here because I have written once or twice since October, 1952, when the matter was drawn to my attention. I am concerned, of course, particularly in regard to this man's case, but I am concerned also about what I think is the general slackness of the department in attending to either payment or compensation for these various expropriations.

I am referring now to the district in Winnipeg known as the parish of St. James. This lot is in a section close to or adjoining the Carpiquet barracks. There is no necessity for dragging the owner's name into this, but I shall give the minister the number of the lot, lot 18 in block 15, plan 935. This expropriation took place in the year 1941, no less, and is dated December 12. According to a letter which I have, and I think it is over the signature of Mr. Drury, that expropriation was stated to last for the duration of the war and twelve months thereafter. I suggest that many more months have passed since that time. Then, in a letter which I have from the Minister of National Defence himself, dated some time in October, 1952, he said that arrangements have been made now with the city by which this arrangement was to continue until 1956. Well, he mentions arrangements which had been made with the city of Winnipeg, but he did not mention any arrangement made with the owner, and that is exactly the complaint the owner wishes to have brought up in this house.

Then in October, 1952, I have a letter from the assistant deputy minister, one Basil B. Campbell, in which he says to the owner that if the owner will settle on some reasonable price every effort will be made to expedite the transaction. Well, that is fair enough, but so far as I know it has not yet been translated into action.

Mr. Campney: What was the date of that last letter?

Mr. Knight: It was October 21, 1952. The letter reads in part as follows:

> If you will make a prompt reply to this letter setting out the price that you wish to receive for the property, the subject will be given careful consideration and if the price is acceptable, every effort will be made to expedite completion of the transaction.

Mr. Campney: Was there a reply to that letter?

Mr. Knight: I have no idea as to that, nor have I any idea as to whether or not the lot has been definitely bought. As I said at the beginning of my remarks, I am introducing this matter not so much because of this particular case as because I think the whole method is somewhat slack when a man is permitted to go along for 12 years in this state of uncertainty.

I may state that, to my own personal knowledge, a few years ago this man had a definite offer from a potential purchaser. I even knew the price he was offered. He was prevented from making the deal because he could not turn over title to the property. This man is now 74 years of age, and this little bit of property was what he looked upon as his security for his old age. The property has been tied up since 1941 without one cent of compensation being paid. Further, to add insult to what I think is undue injury, this man has had to pay the taxes on the property in the meantime. I can see no justification for that. If that is the system, I think it should be changed quickly. If the government defence department or other departments want to take an option on a piece of land, when the due date for the option comes along, why does not the department take it up or let it go? Why do they not do it by that method and either decide to abandon the property and return it to its rightful owner or pay the agreed price in the terms of the offer?

That is all I have to say in the matter. I hope that this particular case will receive attention. In all fairness to the minister I want to state that the minister has not yet had time—or at least he has not yet found time—to reply to my latest communication and I am looking for that reply in due course. But as I repeat again, I raise the matter in particular to show the general attitude towards expropriations of this nature. I had one close to my own city which had relation to a farm close to Dundurn military camp. We had something of the same sort of trouble about that. I wish to ask the minister to take this matter under his consideration and to let us know what the score is.

Mr. Campney: I am sorry that I am not personally familiar with the case cited by the hon. member but I will undertake to have it looked into at once. I am not personally familiar with the case.

Mr. Knight: There is a long file about it.

Mr. Harkness: I wish to ask a question with relation to this large pile of ashes. The only information we have from the minister is that it must have been a large pile. I think we must all agree with that statement. I wonder whether he could produce figures showing the amount of coal that was consumed there to produce this pile and also the price which was paid per ton or per cubic foot to remove these ashes. I ask this question because it seems to be an amount which is out of proportion. Possibly the minister could get those figures and produce them a little bit later, along with the other information he was going to get me with regard to deserters.

While we are on the subject of Petawawa there is another matter which I should like to take up. It concerns the sawmill which was built there and in regard to which I have had three separate questions on the order paper. In answer to one of those sets of questions the minister made a statement at page 2509 of *Hansard*. The numerous questions elicited information that, during the time that the mill was being operated by the Department of National Defence, lumber was produced to the amount of 1,550,000 board feet, which was valued at $100 per thousand, which makes a value of $155,000. During the first year that this mill was operated, it was operated by day labour, according to the return. During the second year it was operated on contract, at a contract price of $16.30 per thousand. If we assume that the contract price and the day labour price were the same, or approximately so, the cost to cut this amount of 1,550,000 board feet would be $16.30 per thousand multiplied by 1,550, which gives $25,265. The cost of logging in 1949-50 was given as $6,400 and in 1950-51 it is given as $39,999.25. So the cost of logging to provide the logs for this operation was $46,399.25. The total cost of the operation to the department was therefore $71,664.25. To that I would add the cost given for erecting the mill, which was $5,000. Hence the cost to the department of the 1,550 thousand board feet was $76,664.25. They estimated that the value of that was $155,000. Therefore they made a profit on it, or at least they got the lumber for $78,395.75 less than it would have cost them to go out and buy the lumber on the market, according to their own figures.

In spite of that fact, the fact that they got this lumber for less than half of what they valued it at or what they would presumably have had to pay for it on the market, on June 2, 1952, the policy was changed and the 500,000 board feet of lumber which they had on hand and which had cost quite a considerable sum to log off—

An hon. Member: Write them a letter.

Mr. Harkness: We will not bother going into the exact figures, but the 500,000 board feet which they had already there on hand in the form of logs were sold at $29 a thousand to another firm which presumably has cut or is cutting those logs into lumber. If this amount of 500,000 board feet had been cut into lumber, the cost per thousand for cutting the logs into lumber, according to these figures—$16.30 plus $20 they sold them for—

would have been $45.30, a saving of $54.70 from what they could have bought the lumber for. The question which therefore arises is this: Why was the policy changed? If they were getting that lumber for half price, why did they change the policy, sell off these logs at a bargain price and then presumably go ahead and buy lumber at twice what they could have produced it for or more than twice what they could have produced it for? The whole operation just does not seem to make sense. Possibly the answer to the thing is to be found in the answer to one of the questions I put on the order paper about this matter. The question reads as follows:

For what purposes was the lumber, produced at the Department of National Defence sawmill at Petawawa, used, giving the amount used for each project or building.

The answer to that question is a wandering one. It is as follows:

The lumber was used for such things as forms for concrete for the construction of sidewalks, sewers, manholes, etc, the rehabilitation of temporary buildings and temporary married quarters to accommodate the units under training, routine maintenance, summer camp buildings such as shower stalls and field kitchen shelters and other miscellaneous projects, such as targets. Since the lumber used in these projects was drawn from day to day as required over the last four or five years, it would require a great deal of research and analysis to determine the specific quantities used on each particular project.

I just wonder whether all that means is that this large amount of lumber which was produced here they found just dribbled away and they were unable to produce any figures in answer to this question because they did not know what had happened to the lumber; and that possibly the reason that the policy, which seemed to be such a profitable one, was changed was that a great deal of the lumber was lost or had disappeared, and therefore they decided the best thing to do was not to carry on because they were losing the lumber anyway. I should like the minister to answer these questions I have posed and give us some information with regard to this sawmill.

Mr. Campney: Mr. Chairman, I hope the hon. gentleman did not expect me to follow his arithmetical calculations throughout as he read them. Generally speaking the situation is this, as I understand it: this operation was carried on by the army for some time, possibly not as efficiently as private industry could carry it on. The fact that it is an unusual industry for the army to engage in, plus the fact that there was a large accumulation of lumber at Petawawa, plus the fact that the price of lumber was falling, all together led to the change in policy which led to closing down of the sawmill at Petawawa.

[Mr. Harkness.]

As to the details which the hon. member has mentioned, I am not going to attempt to deal with them because I did not follow them completely.

Mr. Harkness: It is not a question of dealing with the details. The question is: When lumber was being produced, according to the figures provided by the department themselves, at half or less than half the cost at which they could have bought it and less than half of what they estimated it was worth, why did they change the policy, and go ahead and sell off the logs they had on hand at a bargain price?

Mr. Campney: As I have mentioned, I think the principal reason for a change in policy was that we had a sufficient stockpile of lumber at Petawawa.

Mr. Harkness: The minister says they had a sufficient stockpile for immediate purposes at Petawawa. They are still carrying on building at Petawawa, I believe, and I have no doubt they are using more lumber. They are certainly carrying on building at numerous other places. Why should this lumber, costing them, according to their own figures, less than half what they could have bought it for, have been discontinued?

Mr. Campney: I would have to check the hon. member's figures. I am not accepting his conclusions, not that I doubt the hon. member's arithmetical capacity, but he has come to a deduction from a long calculation which may or may not be right. I am not admitting his proposition at all.

Mr. Harkness: These calculations are not long or complicated; they are very short, and they are not over four or five figures. As a matter of fact they are taken directly off the return which the minister supplied himself.

Mr. Pearkes: There are two matters which I wish to receive information about. In the minister's speech on April 14 and in the white paper on page 17 he referred to the regular officers' training plan, R.O.T.P., part of which includes the encouragement given to cadets at the services colleges. Part of that plan includes the fact that from now on service at these services colleges will be pensionable. That is a new departure from what has been the practice in the past. This new departure comes into effect only this year. The result is that there will be certain young officers who have graduated from these services colleges in the army in the future who will be able to count their service at the Royal Military College or Royal Roads, as the case may be, for pension; whereas there will also be young officer graduates of those services

colleges who will not be allowed to count their service for pension. I raised this point during the debate on the speech from the throne before Christmas and asked that consideration be given to permitting all these officers who are graduates of these colleges and who are today serving in the forces to count their time at the services colleges toward pension. May I have a reply to that question, please, because at the time I was told it would receive consideration, and that was several months ago.

Mr. Campney: The question that my hon. friend refers to involves this consideration, as I understand it. Those who sign on in the services when they enter service college become contributors to the pension scheme, which is a contributory scheme. If their entry into these institutions does not involve that, then they are not eligible for the benefits of the pension scheme. In other words, if they are committed to the service by signing up, they become contributors then and though they are attending these institutions, the time counts. If not, they do not become eligible for the benefits of the pension scheme and do not contribute.

Mr. Pearkes: I am perfectly aware that it is a contributory pension scheme; but a young graduate from the services colleges now going into the regular army has the privilege of contributing to that pension scheme; but the graduate of last year, before this new plan came in, does not have, as far as I know, the privilege of contributing toward the pension scheme. I am asking that all those who are now serving, whether they graduate four years hence, or whether they graduated last year, be permitted to count their services at the college and make a contribution to cover that time toward their pension scheme. Can that be done?

Mr. Campney: I am informed that that matter has been given study, but up to the present time it has not been deemed advisable to accede to the position that the hon. member takes. I do not know whether it has been finally considered—I would not want to say it has been finally and irrevocably considered—but it has been considered and it has not yet been deemed advisable to do it.

Mr. Pearkes: I hope it has not been given final consideration. The injustice and unsatisfactory conditions of having two men serving in the forces under such totally different conditions should be reconsidered.

My other point has to do with the policy in connection with the construction of the permanent quarters. I raised that question in a general way yesterday but I was not satisfied with the answer that I received. Barracks and permanent stations are being built to take care of these forces which we may expect to be permanently stationed in Canada. The information I would like is: Are the plans going ahead to prepare quarters for the airborne brigade so that all the units of the airborne brigade will be closely associated when serving at what one might call their home station, or is the old-fashioned policy, which has been in existence for many years, of building barracks in various parts of the country whereby the units in the same formation did not associate closer together, being continued?

Mr. Campney: I am informed that the airborne brigade referred to by the hon. member as the mobile striking force will not operate as a brigade. It operates as a series of service units stretched across Canada. I believe that the various units which will constitute this mobile striking force will have permanent establishments at different points in Canada.

Mr. Pearkes: Can the minister say where the various units will be permanently established? For instance, we have the Princess Patricia's Canadian Light Infantry, the Royal Canadian Regiment, the Royal 22nd Regiment, the artillery regiments, the Royal Strathcona's Horse and the Royal Canadian Dragoons. Where will the permanent stations of these units be?

Mr. Campney: I understand that the units of the mobile striking force change from time to time in view of the considerations involved in our other commitments. I do not want to convey the impression that there is a permanent establishment for each given unit. They will be distributed in accordance with the requirements. In other words, the mobile striking force I would say internally rotates similarly to the units abroad.

Mr. Pearkes: I should like to make this observation. I was hoping the minister would be able to say that there were permanent quarters for these various regiments. If they are going to be changing from one place to another, then I have this to say. I would call attention to the fact that 40 per cent of the personnel of these units are married, and these constant changes in stations will add a great deal to the expense of maintaining the units, particularly in the matter of married quarters. Again, I think there should be careful consideration as to whether it would not be advisable to allocate to these different units a permanent home.

Mr. Campney: I am glad to have the hon. member's views.

Mr. Gillis: I would bring to the attention of the associate minister a matter that has been brought to his attention, and to that of the deputy minister, on previous occasions. I am wondering if anything has been done to protect the member of the permanent force who contributes to the superannuation fund while he is in the service. In the case to which I referred on at least two occasions, the man was in the service ten years before he died, leaving a wife and two children. No pension can be established because the commission has decided his death was not directly attributable to military service, due to the fact that he died from heart failure. The widow is not eligible for war veterans allowance because she is too young.

His contributions made to the pension fund while he was in the service have been returned to her, but the income tax branch has deducted as income tax the sum of $600 from the contribution which was returned. Both the deputy minister and the minister will recall that I raised this matter in the defence committee when we were revising Q.R. (Can.). I brought it to the attention of the committee and said that, at least on the grounds of service loyalty for the benefit of those who had been in the service, some action should be taken as between the Department of Finance and the Department of National Defence.

It is most unfortunate to leave a young woman under those circumstances, and then to add insult to injury by deducting $600 by way of income tax from the contributions made by her late husband. On the occasions I mentioned this matter before, the Minister of Finance indicated that he did not know anything about it. I suggest that, in the interests of those in the permanent service, something should be done to protect those who contribute to the fund and who may run into a similar situation in respect of dependents who are left behind. Has any thinking been done in the matter, and is any action contemplated?

Mr. Campney: The point the hon. member has raised has been the subject of discussions between this department and the Department of Finance. I cannot tell the hon. member at the moment just what the results have been, or whether the decision has been finalized. However I do recall his observations, and I can say that we have initiated discussions to see what can be done to remedy this situation.

Mr. Gillis: Continue the pressure.

Mr. Browne (St. John's West): I should like to draw two or three small matters to the attention of the minister. The first of these has to do with seaward defences. A great deal of damage has been done to the south side wall at the city of St. John's. This matter was discussed before with an official in the department. Has anything been done? The road in question was subject to unusually heavy traffic in the nature of trucks loaded with stone, and the like.

Then I would support the position taken by my colleague the hon. member for St. John's East in connection with the armoury. I know that members of the Canadian army have been looking for an armoury at St. John's. They did inspect a building of which I had knowledge, but for one reason or another they did not find it suitable. I have heard reserve army officers complain about the embarrassment and difficulty they have with the facilities available in connection with the training of men. They say the present accommodation is not suitable, and if we want to have a reserve force down there we should give serious consideration to the question of the armoury. I support that view strongly.

My third question is a much broader one, and has been raised before. It has to do with our troops in Korea. Have they had associated with them at any time any South Korean troops, as has been the case in connection with United States forces? I understand that about a third of the personnel under United States army control are South Koreans. Has the Canadian government given any consideration to the idea of training South Koreans by integrating them with the Canadian forces, or giving them training elsewhere, or by supplying them with arms and other equipment?

Mr. Campney: With reference to the hon. member's first question, let me say that negotiations are now going on with the city, and we hope to work out a satisfactory solution so far as the road is concerned. Then I have noted his further representations with regard to the armoury.

In connection with the training of South Koreans, I am informed that steps are being taken in that direction through the commonwealth division, and that we are now waiting for a further report from our own officer commanding in regard to that question.

Then replying to the hon. member for Calgary East, I would say that the contract for the removal of ashes at Petawawa to which he referred also covers refuse generally. The fuel burned at Petawawa amounts to approximately 8,500 tons per year. In addition to other buildings, this includes the heating of 517 permanent married quarters and 415 temporary married quarters.

Mr. Harkness: The minister did not mention the number of tons or cubic yards of ashes removed for this sum of money.

Mr. Campney: I have not that information.

Mr. Harkness: If one can judge from the cost of removing the ashes, it would seem there were more tons of ashes than tons of coal burned.

Mr. Campney: I would have to get the information from the officials of the Department of Defence Production. I do not have it here.

Mr. Macdonnell (Greenwood): I find here large figures concerning equipment of all kinds. I shall not deal with all of them, but there is one item about which I would ask for the figures because I believe if we had them it might be possible to make useful comparisons. We cannot compare airplanes or tanks with other items, of course; but I would like to have the figures showing the amount spent throughout the whole service on photographic supplies and photographers. I see there are photographers in the army and the navy, but I have not been able to pick out, and I doubt whether the minister can, the amounts showing what has been spent. I want the over-all figure for photographic supplies and persons employed, so that we may have some idea of the total expense in that respect for the services.

Mr. Campney: I shall be glad to see what can be done about providing the information the hon. member has requested. I might point out that there are many categories; for example, air photography is done for the geodetic survey and guns on our fighters are equipped with cameras. There are all sorts of supplementary forms of photography. I am not sure how we can narrow it down, but we shall do our best to give the information.

While I am on my feet, I should like to put on *Hansard* the reply to a question raised by the hon. member for Kamloops regarding dismantling buildings at Plouffe park, although I see that he is not in the house at the moment. I am informed that the two buildings to which he referred were temporary shelters erected after the fire there to compensate for some of the storage space that had been lost. These shelters, two large and one small, were of wooden frames with galvanized roofs and tarpaulins over the sides. I understand that the materials cost $12,250 and the labour $6,600 and that the materials are over 90 per cent salvageable. The buildings are now being dismantled because accommodation is becoming available at the new ordnance depot at Cobourg for the stores that have been housed in them throughout the winter.

Mr. Harkness: Referring specifically to some of the items on page 307, I notice that a number of these items are down considerably from last year, particularly clothing, personal equipment, and barrack, hospital and camp stores. I presume that reflects the fact that mobilization stores of all these items have now all been laid in and that what will be required in future is chiefly what you might call monthly or yearly needs. However, I notice one very large increase in ammunition and bombs, an increase from $38 million to $71 million odd. I should like to ask the same question in connection with this item that I asked with respect to naval ammunition. Does this represent the laying in of mobilization stores or, as in the case of naval ammunition, is it merely ammunition to meet current needs in Korea and for each unit to have a normal stock on hand?

Mr. Campney: I understand that the increase will not serve to provide a war reserve but that we are increasing our initial stocks because production is now running fully in many of these items. We are really just completing the accumulation of our necessary permanent stock.

Mr. Harkness: How much of the heavier calibre gun ammunition is included in that amount? I refer particularly to 25-pounder and/or 105-millimeter and 155-millimeter shells.

Mr. Campney: While that information is being sought, might I put on *Hansard* some observations with respect to the question of the hon. member for Fraser Valley as to how a meat packing plant can qualify to tender. The information I have been given is that in order for a meat packing plant to be eligible for listing with the Department of Defence Production and to receive invitations to tender for the supply of meat and meat products for the Department of National Defence, it must be approved by the dominion Department of Agriculture and is subject to the acts administered by that department. In addition, the prospective tenderer must meet the requirements of Canadian government specifications board, and in order to obtain certification to enable it to tender the packing house must therefore make application to the Department of Agriculture, health of animals division, Ottawa, for plant inspection and approval.

Mr. Harkness: Still on the matter of ammunition and bombs, can the minister tell us how much of this ammunition is being supplied to our forces in Korea? I think the Minister of National Defence said yesterday that 200,000 rounds of 25-pounder ammunition were supplied in the first year of the Korean war. This amount is not really for war

stockpiling. The minister said that all this ammunition really is for current needs and therefore I would think that a considerable proportion of it possibly is going to Korea. Could we find out what amount that is, if any?

Mr. Campney: I understand that the 200,000 rounds referred to by the hon. member were a contribution we made to the commonwealth pool, but that generally speaking our ammunition, so far as the British type is concerned, is being obtained for Korea at the present time from Great Britain and Australia where some of it is manufactured, and the American type is of course being obtained from the United States. The ammunition covered by the items to which the hon. member referred is mortar ammunition, 60-millimeter, 81-millimeter heavy, ammunition for 90-millimeter anti-aircraft, 105-millimeter howitzer, 105-millimeter recoilless rifle, small arms, ammunition for 3·5 rockets and some other miscellaneous items.

Mr. Harkness: I am not clear from the associate minister's answer whether any of the $71 million is for ammunition which will go to our forces in Korea.

Mr. Campney: This item does include the cost of ammunition of the various sorts I have mentioned which we will use in Korea.

Mr. Harkness: Can the minister give any indication of what proportion of this total that amounts to?

Mr. Campney: I understand about 2½ per cent, in rough figures.

Mr. Harkness: If only 2½ per cent of this amount, which would be about a million and three-quarters, is for ammunition for Korea, the remainder, amounting to approximately $70 million, seems to be a very large sum just for current army needs at home where the only ammunition being expended is that used for training.

Mr. Campney: I understand some is to enable us to build up our initial stock, as I mentioned a few minutes ago, and I think it includes certain tooling in some plants that have to do with new types.

Mr. Macdonnell (Greenwood): I have more than once expressed concern as to the over-all organization of this tremendous enterprise, and I want to draw attention to a few of the departments that I find in the telephone directory of the Department of National Defence. I want to draw attention to the extraordinary division of functions there is now, and then I want to ask a general question. How do we satisfy ourselves that the departments do not become like parallel lines which, produced ever so far both ways, do not meet? In other words, how is there over-all liaison and inspection and dovetailing of the departments?

First of all let me deal with the directorate of organization which has a personnel of about 30. Then I want to come back and draw attention to some of the departments which are quite heavily staffed. My question again is the broad question of who is responsible, with all the burdens that various people are carrying for their individual work, for saying: This is a good organization; it is functioning as it should, and its relationship is as it should be. I have asked that in the past and I will not take up the time of the committee but I say that there should be fresh outside minds brought into this, even if they are no better than the minds inside.

Having said that, I turn to some of the groups I find here. On pages 11 and 12 I find the inspection service with personnel of about 60. Now, I have no reason to think that is too large.

The Chairman: To what document is the hon. gentleman referring?

Mr. Macdonnell (Greenwood): This is the telephone directory of the Department of National Defence setting out the personnel. On page 13 there is the directorate of civilian personnel, and there are 20 there. On page 15 I find the director of central registries. I am not quite sure what central registries are but there are something like 15 people there. On page 23 I find the director of publications and printing, and there are a dozen or so in that directorate. On page 26—and here you may be getting after me, Mr. Chairman, but it only takes a second to say what I have in mind—I find the directorate of naval information and the directorate of naval intelligence. The directorate of naval information has 9 and the directorate of naval intelligence has 15. I do not know just what the difference between them is.

By anticipation I find a partial answer to my question of a few minutes ago on page 30 I find that there is a superintendent of photography with a staff of about 10. I realize that the question I am asking is a very difficult one to answer, but I feel that it stands out. I feel that when we have this tremendous organization we should in some way be satisfied that people skilled in that sort of thing are used to vet this organization. The most gallant officer in the world, the best man in the field, the man you would choose above all others to command men going into action, may not be good at organization. My own belief is that a man,

[*Mr. Harkness.]

unless he is a genius, has to learn organization as he has to learn anything else. I throw that question out and leave it to the minister to answer as best he can, and I believe it is an important question.

Mr. Campney: May I just make this general observation, Mr. Chairman, on the point raised by the hon. member, which I am sure he does not expect me to develop in detail. These different branches have been set up for specific purposes. For example, in the inspection service there is a controller of inspection who is responsible for the activities of that branch. These branches have been correlated and knit together as time has passed. In addition, there is the director of organization of the civil service commission who, in the Department of National Defence as in every other department, is continually making surveys along the lines of the observations of the hon. member and bringing to our attention suggestions for improvement and change. There is also the treasury office which, just the same as in other departments, is constantly making suggestions and reviewing the operations of these phases of the department. The fact that the department is large is occasioned, of course, by the magnitude of the things it is endeavouring to do. I do feel from my short association with the Department of National Defence that the different groups are co-ordinated and are under continual surveillance so that the standard of efficiency that is being developed is high and compares very well with other departments. Beyond that I do not know that I should make any detailed comment at the moment.

Mr. Macdonnell (Greenwood): I am not going to labour the matter, but I just make this point. We have something here that is as far as the east is from the west from the situation in an ordinary department by reason of (a) its magnitude, and (b) the rapidity with which it has to be developed. I realize, as I said before, that I cannot ask the minister to give me a detailed statement of how these things fit, but I shall reiterate what I said before. I think the situation cries out for the best outside brains that can be brought in to assist. That is not without precedent in this government, as I understand it was done in one quite small department. At the risk of being tiresome I am going to reiterate that it should be done, unless there are reviews going on that I know nothing about and of which we have not been told.

The Chairman: Shall we pass on to air force?

Mr. Harkness: No. In referring to the details on page 307, I notice an amount of $17 million odd this year for tanks and armoured fighting vehicles. Last year it was $22 million. I wonder if the minister can tell us how many up to date tanks, Centurion tanks, we secured last year and how many more it is expected we are going to get. Also, what other items might be covered by this particular expenditure in addition to the Centurion tanks.

Mr. Campney: I think the hon. member will appreciate why I do not wish to give the figure in regard to tanks either for stocks or anticipated purchases. I think they have not been given at any place or at any time, and probably it is not desirable to do so.

Mr. Harkness: I might just say that at this time last year the Minister of National Defence gave the number of Centurion tanks we had purchased up to that time. I have forgotten it exactly, but it was a small number and it was given.

Mr. Churchill: Would the minister agree to say whether or not the two permanent active force regiments, Lord Strathcona's Horse and the R.C.D.'s, are going to be equipped with Centurion tanks?

Mr. Campney: The answer is yes.

Mr. Pearkes: Before we pass from the army to the air force I want to ask one question regarding the northwest highway system which is allocated under army. Are any funds placed under the heading of the northwest highway system allocated to that portion of the system known as Haines cut-off?

Mr. Campney: The appropriations for the northwest highway system includes an appropriation for that.

Mr. Pearkes: Is there any intention to keep Haines cut-off open all year round in the future? In the past it has only been kept open during the summer months.

Mr. Campney: I am informed that this particular phase of the highway system is a joint operation by Canada and the United States. At the present time it is intended to continue keeping it open throughout the summer season only.

Mr. Pearkes: Can you tell us how much was spent on the Haines cut-off last year? I know it is a joint operation between ourselves and the United States, but from the point of view of national defence it can hardly be considered a contribution to the defence of northern Canada, although I realize it is a very considerable contribution to the defence of Alaska.

Mr. Campney: I will have to get that figure for the hon. member and I shall do so. I have not got it with me.

Mr. Pearkes: The reason I am asking this question is that it must be realized that if we are spending a great deal of money on this Haines cut-off, it will be in direct competition with the White Pass and Yukon Railway which runs through Canada, and which operates on a very narrow margin. If considerable traffic is going to be trucked over the Haines cut-off it will affect the interests of the railway.

Mr. Harkness: Reverting to this matter of the armoured fighting vehicles, the minister told us that two reserve force armoured units are being equipped with Centurion tanks.

Mr. Campney: Those are regular force units.

Mr. Harkness: Did I say reserve? I am sorry; I meant to say regular force units. My question is, are the reserve force armoured units to be equipped with these Centurion tanks also?

Mr. Campney: We are endeavouring to complete arrangements to provide for the training of reserve forces on Centurion tanks.

Mr. Harkness: I am glad to know that the reserve units are going to get some Centurion tanks for training purposes. I hope they will get them at an early date.

There is an item for mechanical equipment, including transport, which is up from $30 million to $33 million. In the defence expenditure committee last year we received details concerning a number of vehicles which had been ordered at that time. When we were dealing with the matter at that time very few of these vehicles had been delivered. I wonder if the minister could tell us how the deliveries of these vehicles have been, and whether the vehicles on order at that time are now in the hands of defence forces.

Mr. Claxton: I can get the details if the hon. member wants them, but I can say that very substantial progress is being made. If my recollection serves me correctly I think one type is completed, and they are all very close to being completed.

Mr. Harkness: Those are the ones with which we were dealing in the committee last year?

Mr. Claxton: That is right.

Mr. Harkness: Then this $33 million represents the sum available for more vehicles of the same sort; is that correct?

[Mr. Pearkes.]

Mr. Claxton: Yes.

Mr. Harkness: The next item is armament equipment, which would be guns and so forth. It is merely $23 million this year and was $17 million last year. Last year the minister said very good progress had been made toward beginning to produce 105- and 155-millimeter cannon in Canada. I wonder if he can give us a progress report on that and let us know to what extent that type of equipment is being substituted for the 25-pounders and 4·5's and 5·5's which were used within the last year or two.

Mr. Claxton: We are still making good progress with the 105 and 155's. We have an order for our own account as well as that of the United States under production.

Mr. Harkness: Would the minister care to give any figures on the production of those?

Mr. Claxton: There are no deliveries yet, except of what might be called tool room or prototype models.

Mr. Harkness: The minister says we have not yet got into production?

Mr. Claxton: They are producing, but we have not had deliveries yet.

Mr. Harkness: Then this item of $23 million covers chiefly cannon and things of that sort, or is there any appreciable portion of that for small arms? If so, what type of small arms would it cover?

Mr. Claxton: A large amount, more than $15 million, is for fire control equipment in the 90 millimeter ack-ack guns to which I referred before. It can be understood that that is very expensive equipment. For engineering, bridging, boats and so on, there is about $12 million; field artillery equipment of various types, $10 million; small arms, mortars, $4 million; maintenance, spare parts, ancillary, $8 million; that is a total of $50 million.

Mr. Harkness: Excuse me, but where does the minister get this $50 million? That must be the expenditure for the past two or three years.

Mr. Claxton: That is the commitment authority and forward program. The actual cash to be spent out of that is $22,950,000 but it is not allocated, because how much cash is spent on each item will depend on the progress we can make.

Mr. Harkness: In connection with the $4 million which is for small arms—

Mr. Claxton: Yes, but none of it is for rifles.

Mr. Harkness: I was just going to ask what type of small arms was meant.

Mr. Claxton: Almost entirely for mortars of new types.

Mr. Harkness: I was going to ask particularly if anything had been done in regard to submachine guns. I had a question on the order paper back in February as to what type of submachine gun was issued to Canadian troops in Korea. I asked if this type of submachine gun was found satisfactory in action, and if not, what were the deficiencies. Has a different type of submachine gun been issued? The answer I received at that time was that the carbine machine Sten 9 mm. Mk. 2 was being used. It was stated that, while not entirely satisfactory, it is regarded as being as satisfactory as other available types. It has certain disadvantages, particularly in the magazine. I was informed that a different type of submachine gun had not been issued for operational use, but a more recent type has been issued for user trials.

I wonder if any progress has been made in arming the entire brigade with this new and, I would take it, more satisfactory type of submachine gun?

Mr. Claxton: There is not yet, that I am aware, a better submachine gun than the ones we have. We are subjecting both a British type and an American type to trials at the present time. The Bren gun is still a very satisfactory weapon.

Mr. Harkness: Could the minister say what is this more recent type which has been issued for user trials, and what have been the results of those trials?

Mr. Claxton: I would have to get some technical details on that. I am not in a position to give very much information. We are in the hands of our friends the Americans and the British who designed the weapons, and we could not give very much information on the results without their concurrence.

I have one answer that I wanted to give to the hon. member for Nanaimo. He asked the principle upon which married accommodation was being provided for the active forces. We have made an actual count of the number of people in the active forces as presently constituted, and arrived at an exact figure for all for whom accommodation is to be provided in the program. It has not yet been provided, but we are working toward it, and the figure is just over 25,000.

Mr. Bater: Mr. Chairman, before passing on to the next item I notice that there is an item on pages 309 and 310 relating to the northwest highway system, amounting to nearly $9 million. I take it that refers to the highway from Edmonton through to Alaska. If so may I again avail myself of this opportunity of suggesting that the department add to that highway the portion of No. 5 highway running from Edmonton to Winnipeg. We have been discussing this afternoon many of the various kinds of mobile units, not that we hope we shall have to use them in our own country, but a time might come when we would be glad to roll them from the east to the northwest. I think consideration should be given to the inclusion of No. 5 highway from Winnipeg to Edmonton, leaving Winnipeg and going through Saskatoon, North Battleford, Battleford, Lloydminster and on to Edmonton. I would suggest to the minister that this proposal still be given serious consideration.

Mr. Claxton: The hon. member for The Battlefords and other hon. members have drawn this matter to the attention of the government on a number of occasions. It came up for consideration during the course of the discussion on the estimates last year. In addition, representations have been received from the governments of the three prairie provinces.

I am afraid I must say there is little likelihood of the federal government or the Department of National Defence ever reaching that satisfactory position with regard to its defences—equipment, construction, manpower and everything else—where it would be able to engage in such an activity as the grading, from the defence point of view, of a highway for which the provinces should ordinarily be responsible. Everything which adds to our communications or transportation system is, of course, of some benefit in defence. But having said that, I must say there are so many more things that we cannot afford to buy and do not expect to be able to afford to buy for our defence and which are more urgently required, that the highway is fairly low in priority.

Mr. Green: Will the minister tell the committee the present situation with regard to the Canadian Rangers? As he will remember, there were units known as Pacific Coast Militia Rangers during the second world war, and they served a useful purpose in outlying districts of British Columbia. A few years ago the defence department decided to establish ranger units again not only in British Columbia but also in the Northwest Territories. Can the minister tell us how many units there are at the present time and the number of men who have been enrolled?

Mr. Claxton: The purpose and general scope of the activities of the rangers have been described on previous occasions, so I know

the hon. member does not want any information of that nature. At the present time the strength is something over 1,500 which is intended to be a nucleus to which we could add quite rapidly. Companies are being formed quite regularly from time to time wherever we can get people in an outlying district to agree to serve. They are issued with a rifle and some ammunition and some instructions; and they form a part of the defence forces in places where there are no organized defence forces.

Mr. Green: How many units are in being? The minister said that 1,500 men are enrolled.

Mr. Claxton: I would have to get that information.

Mr. Green: In what part of the country are they located?

Mr. Claxton: Very largely in the western part of the Arctic, west of Hudson bay out to the Pacific coast. There are some east of Hudson bay, but very few.

Mr. Green: The minister will get the number for me?

Mr. Claxton: Yes. I shall be glad to give that information to the hon. member.

Mr. Macdonnell (Greenwood): I have just one further question which I think might come here. I want information with regard to contracts where the plans and specifications have been amended in the course of a contract and where that has inevitably involved additional expenditure. I am not going to carry that to extremes, into every small contract. I am quite ready to accept a suggestion as to a floor, so to speak; but I should like to get information as to the important cases where that has happened.

Mr. Claxton: This would involve an analysis of every construction contract, in detail; and it would be necessary to go to my colleague, the Minister of Defence Production—

Mr. Macdonnell (Greenwood): If I may interrupt, I want to make it clear that I am willing to accept a reasonable floor so we will not run into useless work.

Mr. Claxton: Even with a reasonable floor you would get hundreds or thousands.

Mr. Macdonnell (Greenwood): I do not suppose we will run into thousands that have been amended.

Mr. Claxton: No; but in order to find out whether or not it is amended you have to look at it; and this would mean an examination of individual contracts through the Department of Defence Production and its agencies, Defence Construction Limited and Central Mortgage and Housing Corporation. I would think that in a considerable number of contracts there had been additions and amendments made in the course of the construction which had led to additional expense. We would be glad to arrange for that information to be worked out and put before the defence expenditure committee, if it was desired.

An hon. Member: Carried.

Mr. Macdonnell (Greenwood): No, it is not carried. I am informed that there is a question as to the amount of work involved. I am not dropping this matter; I shall not pursue it at the moment. I am ready to accept a suggestion as to a floor. I am willing to make it, within reason, as high as the minister would like. I am ready to accept a suggestion as to only those cases where there has been a substantial addition. I do not want to run the department into a lot of unnecessary work, but I want some information on that matter.

Mr. Claxton: I have given the hon. member the information I have. I have checked with my colleague the Minister of Defence Production, who has more knowledge of this matter than probably anyone else in the country, and I am told that it is hard to recall a single contract where you do not have some additional expense. It would therefore mean bringing forward details with regard to every contract, or virtually every contract, no matter what floor was set. If the hon. member wants us to do that, we could do it. The Minister of Finance informs me that this afternoon they had at least 50 for consideration at treasury board. If that is a useful exercise, then I suggest that the place to do it is in the defence expenditure committee.

Mr. Macdonnell (Greenwood): I myself was going to make that suggestion. If that is satisfactory to the minister we will leave it there. I should like to add that I like to think I am fairly reasonable, and I think we can work out something so there will not be a whole lot of useless clerical work to do.

Mr. Claxton: My officers in charge of the matter will be glad to see the hon. member and find out exactly what he wants.

The Chairman: Shall we pass on to the air force?

Mr. Fulton: There are two questions which I asked earlier this afternoon.

An hon. Member: They answered one.

Mr. Fulton: I understand that one has been answered. I was going to ask that, if the information is not available, we should have the right to revert to the army later on.

Mr. Claxton: We shall be glad to give the information as soon as it comes to hand.

Mr. Fulton: There might be some other discussion, although we may then have passed the army details.

The Chairman: The further debate we would have would be with respect to the question or the reply to the question of the hon. member.

Mr. Fulton: Yes.

The Chairman: Subject to that understanding, shall we pass on?

Mr. Claxton: I am afraid that we cannot fairly hold out to the hon. member any hope of getting any additional information. In the cases of the three fires to which he referred, there is a court of inquiry at work investigating them. It may be a matter of weeks before the information is available, so I cannot promise to have it today. But as soon as it is available I will give it to the hon. member.

Mr. Fulton: I had to be out of the chamber for a minute or two. Do I understand that the question with regard to Plouffe park has been answered?

Mr. Campney: Yes. I put it on *Hansard* in the hon. member's absence. I did not know whether he was coming back.

Mr. Fulton: If the information with regard to it is now here, can the minister tell me for what reason the buildings are being dismantled?

Mr. Campney: Perhaps the hon. member would look at the statement I made, or does he want me to make it again?

Mr. Fulton: No. I was waiting for the reply before asking certain other questions. Let me put it this way. The minister told me he did not have the information here. There were certain other details I was going to ask him about which I forbore to ask about at that time. Has the removal of these buildings anything to do with fire precautions?

Mr. Campney: These were temporary buildings, which were erected at the time of the fire to provide adequate storage facilities. They were made of wood with galvanized roofs and tarpaulin sides. They are salvageable, and as the ordnance depot at Cobourg is now ready to receive the material that these temporary shelters were covering they are being removed.

Mr. Fulton: I should like to be certain that their removal now is not being done prior to what had been intended with respect to them. Is their removal at this time being influenced in any way by the fact that representations have been made with respect to their constituting a fire hazard?

Mr. Campney: I am not aware of that factor entering into the situation at all.

Mr. Fulton: Is there any information on hand which would show whether or not the fire marshal of Ontario or any of his officials in Ottawa have discussed this question with the minister or with the department?

Mr. Campney: No, none whatever.

Mr. Fulton: Is the minister saying there were no discussions or no information?

Mr. Campney: No information.

Mr. Fulton: Will the minister have that question looked into?

The Chairman: Shall we pass on to the air force?

Mr. Green: The associate minister was to get some information for me concerning the army benevolent fund, and also the new building for the Canadian mission in Washington. Has he that information?

Mr. Campney: Yes. As far as the facts constitute an answer I thought I had answered the hon. member with regard to the army benevolent fund. The other question he asked had to do with the cost of the site and the new building in Washington. I am informed that the cost of the site was $115,000.

Mr. Green: In addition to the cost of the site the minister was to let me know the rentals which are being paid for the present accommodation and also the number of Canadians who would be housed in this building.

Mr. Campney: I am informed that the present rentals are $47,488 a year; that the number of staff who would be housed in this building at the present time is 228.

Mr. Green: This is a proposal that merits some comment. This afternoon the associate minister said that this Canadian joint staff mission building in Washington was to cost $2 million. He now says that the site has cost $115,000 and the rentals being paid for the present accommodation amount to $47,488. This appears to me to be another instance of money being wasted, of Canada trying to live up to the Joneses in the matter of buildings beyond our country's boundaries, and a very unfair burden on the taxpayers of the country. The press dispatch which first announced this building was dated December 29, 1952. I am reading from the Vancouver *Province*:

> Canada has purchased a site here for a new $1 million building to house the Canadian joint staff mission, the *Evening Star* says.

Hon. members will notice that the cost of that building has now gone from $1 million to $2 million. Then the dispatch goes on:

> The property involved now occupied by a fraternity house is in a fashionable area on Massachusetts avenue. It is several blocks from the British and Canadian embassies.

I cannot see the reason for the construction of a $2 million building for a Canadian joint staff mission in a fashionable area in Washington. It is about time the government got back to the old Canadian virtue of thrift. Here we have a situation which will not be permanent. For the time being 228 Canadians will be housed in that building. I presume that they will all be living elsewhere, and living accommodation will have to be provided in addition. It will only be a matter of time until that joint staff mission will be greatly reduced. Surely here is one place where we could get a building for a good deal less than $2 million. I take it that the building has not yet been constructed, and therefore that it is not too late for the department to give some further consideration to its cost.

A similar situation arose in the committee on external affairs with regard to an embassy in Italy. The tentative plans called for an embassy which, with equipment, would cost over $1 million. As a result of the complaints made in the committee the Department of External Affairs is to review the plans in an effort to cut down the expenditure. I would hope that the same plan will be followed by the Department of National Defence with regard to this joint staff mission building in Washington. I do not believe the Canadian people should be saddled with an expense of $2 million for a building of that kind.

Mr. Claxton: The hon. member has made some observations which of necessity were made without knowledge of the facts. Almost without exception, Washington is the most difficult place to get accommodation in that we know of. The joint staff mission is now located in two buildings on Massachusetts avenue, but they are the property of the Australian government. We succeeded in getting the leases to them at a time when space was not quite so tight and because we were a friendly government engaged in the same kind of operation. It was a fair lease, but the buildings are by no means suitable for the purposes for which they are used. Nevertheless we would like to stay there but unfortunately we are being put out in October of this year. I myself have appealed to the Prime Minister of Australia to let us stay on for another year; otherwise we will have to house this joint staff in temporary accommodation, probably in a hotel or an apartment house at terrible expense.

We searched the city of Washington for any building that could be used for this purpose. We had the leading real estate agents in Washington conduct that search for us. We had representatives of the Department of Public Works and the Department of External Affairs work with us to try to find any type of building. We did not want to build, and we just could not find anything suitable. If the hon. member knows of a better place in Washington we would be glad to take it, but I do not believe there is such a place.

As for the land, we got it at a very favourable price. It is between $2 and $3 a foot which, as the hon. member knows, is a very favourable rate indeed for land in any large city, and particularly a city like Washington where prices are very high.

If it should turn out that we can reduce our joint staff there, then the building is sufficiently close to our embassy to enable it to be used as an annex of the embassy. That is one useful thing about this location. However, our experience is that in the case of relations with countries like the United Kingdom and the United States the extent of governmental business, whether it be defence or otherwise, has tended to increase; thus it appears we will always have the need for this place, either for civilian or service purposes. As I say, the location happens to be convenient to the embassy. But the land at between $2 and $3 a foot is a very good purchase, and at a very low cost. We could not find anything comparable in any suitable area in Washington.

Item stands.

Progress reported.

The Acting Speaker (Mr. Robinson): It being five o'clock, the house will proceed to the consideration of private and public bills.

CRIMINAL CODE

AMENDMENT TO PROVIDE FOR ABOLITION OF CAPITAL PUNISHMENT

The house resumed, from Friday, February 20, consideration of the motion of Mr. Thatcher for the second reading of Bill No. 108, to amend the Criminal Code (capital punishment).

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, I am inclined to think that when this bill was first introduced exception might have been taken to it, by way of a point of order, that it touched upon a subject matter already covered by another bill

then before the house and which had been forecast in the speech from the throne, namely a bill to consolidate the Criminal Code. In any case, as it happens we are at the present time debating this subject of capital punishment on the bill before us in the name of the hon. member for Moose Jaw (Mr. Thatcher), and at the same time a House of Commons committee is discussing the identical subject as one of the sections of the Criminal Code bill.

I do think, with all deference—and in this I believe I express views with which those who have taken part in the debate would agree—that the question as to whether or not capital punishment should be retained is one of great importance, complexity and difficulty, and perhaps is deserving of somewhat more profound attention than has been given it in the debates which have taken place almost every year in this chamber.

For example, we have the argument as set out in the Mosaic law: Thou shalt not kill. And in the very next chapter of Exodus, the book of the Bible in which that occurs, we have set out, as related to that statement of a crime, the punishment for that crime, where in the 12th verse it says:

> He that smiteth a man, so that he die, shall be surely put to death.

And in the 15th and 16th verses:

> And he that smiteth his father, or his mother, shall be surely put to death.
>
> And he that stealeth a man, and selleth him, or if he be found in his hand, he shall surely be put to death.

So when we make this quotation, and it is a very common quotation, against capital punishment, as it is set out in the Mosaic law—and I am not adopting it for the purpose of any argument I am advancing—

Mr. Knowles: There is such a thing as the New Testament.

Mr. Garson: I quite agree; but it is the Old Testament which is quoted. The injunction "Thou shalt not kill", which is the definition of a crime, is suggested as a reason why capital punishment should not be inflicted, whereas just a few lines farther on in the same chapter, and from the same authority, the suggestion is made that capital punishment is a punishment suitable for the crime so defined. The hon. member for Winnipeg North Centre (Mr. Knowles) has said there is such a thing as the New Testament, and of course I entirely agree with him. I agree also with what I take it he implied, and that is that the New Testament might adopt a different attitude toward capital punishment.

May I, as having some bearing upon what the hon. member has in mind, refer him to the contribution made by the present Archbishop of Canterbury, as it is set out in the parliamentary debates in England for 1947 and 1948, where he makes this statement:

> The statesman—even the Christian statesman—has to deal with society as it is at any given moment; and though he be guided and impelled by Christian doctrine and ethics, he will have to decide constantly how far, in the fulfilment of his trust as the guardian of society, he must rely on preventive and deterrent methods of punishment only and how far he can mitigate them and make them constructive by the operation of the law of love. It is the same question which every citizen and every Christian has to consider, and it has to be decided by each man according to his own judgment, discrimination and experience.
>
> The church, in its corporate capacity, does not pronounce in such a matter. Each Christian has the duty of conscientious private judgment, and Christians very naturally and rightly differ in their estimate of what is practicable.

Then he makes this further observation:

> The duty of the state is to protect society against this horrible crime. There is, shall I say, a *prima facie* case for the law of the state to inflict the death penalty upon one who takes the life of another. It goes to the self-preservation of society. The state must begin by asking, not what is for the good of the murderer—that must come second—but what is necessary for the good order of society, life and the safety of its citizens.

I think as good a statement as can be found as to the relationship between jurisprudence, or the law at large, and the question of capital punishment, is that contained in the ninth edition of Jurisprudence, by the late Sir John Salmond. This is the classical statement on the subject and it states:

> The ends of criminal justice are four in number, and in respect of the purposes so served by it, punishment may be distinguished as, (1) deterrent, (2) preventive, (3) reformative, and (4) retributive. Of these aspects, the first is the essential and all-important one—

That is, the deterrent.

> —the others being merely accessory. Punishment is before all things deterrent, and the chief end of the law of crime is to make the evildoer an example and a warning to all that are like-minded with him.

Thus the prime object of criminal law is, in the words of the great English political philosopher, Locke, to make every offence very obviously a bad bargain for the offender. After the deterrent aspect is placed preventive punishment, for we are not concerned merely with deterring offenders but also with preventing them from repeating the offence by such penalties as imprisonment or, in capital cases, death.

Sir John Salmond in that connection makes what seems to me a very profound observation, although it is a short one. He says, "Offences are committed through the

influence of motives upon character" and thus "may be prevented either by change of motives or by a change of character. Punishment as deterrent acts in the former method; punishment as reformative in the latter". It is clear, he concludes, "that there is a necessary conflict between the deterrent and the reformative theories of punishment". And it is necessary, in view of modern tendencies, "to insist on the primary importance of the deterrent element in criminal justice". He puts it this way:

> The reformative element must not be overlooked, but neither must it be allowed to assume undue prominence. To what extent it may be permitted in particular instances to overrule the requirement of a strictly deterrent theory is a question of time, place and circumstances.

In other words, Mr. Speaker, if I were to cite, as I could cite, for example, the records of the six states of the United States of America in which capital punishment has been abolished and which show that their rate of murder, according to the figures I have here, is something of the order of three times as high as it is in Canada, or if I were to cite the fact that during the interval between when New Zealand abolished capital punishment in 1941 and restored it in 1950 their rate of homicide was several times higher than in Canada, I would not suggest for a moment that these statistics necessarily have any great force or relevancy as applied to the problem before us.

I say that because we know that one of the most elementary rules of logic is that if you are going to compare two separate countries statistically in that way you first have to be able to say that the only factors which differ as between the two you are comparing are whether they have capital punishment in one case and no capital punishment in the other, and that all the other factors which might influence the rate of homicide are identical in the two countries.

Mr. Fulton: How do their own rates compare before and after?

Mr. Garson: I could not say. I have just compared during the period.

Mr. Knowles: Does the minister know how the rates in these six states compare with those in other states?

Mr. Garson: Again I suggest to my hon. friend that there are numerous factors which might account for the difference. Therefore, if we are making a serious attempt at thinking our way to a proper solution of the problem, I do not really believe it serves any purpose for those who favour the retention of capital punishment to cite the case of the six American states or of New Zealand, or that it serves any purpose for those who favour the abolition of capital punishment to cite the experience of the Scandinavian states where you have a very high homogeneity of population speaking the same language in each case, largely of the same religion, having the same outlook upon life and with no frontiers in the sense in which we have one on the North American continent.

Therefore if we are going to do any useful thinking in this field we have to get above the matter of basing it upon newspaper clippings and casual statistics of the very sort to which I have just been referring generally myself. That is why I think, if I may be permitted to transgress slightly in view of the fact that we are discussing a matter which I suggest should not be before the house at all, that perhaps the best method of dealing with it is the one that was suggested in the special committee on the Criminal Code the other day, namely that when we have accomplished the really monumental task to which we are now addressing ourselves, the consolidation of no less than 60 odd years of amendments to the code into one entity, we might then either set up a parliamentary committee or a royal commission for the express purpose of considering such matters as capital punishment or the rule of legal insanity, as in the M'Naughton case, and other major problems of that character.

It was suggested that along with the resolution reporting the Criminal Code bill back to the house a recommendation might be made that, while the committee had not considered these major matters and did not think it appropriate to do so in conjunction with another very large and complex task, the government and the house at a later date might either set up a parliamentary committee or a royal commission to consider matters of that sort. I think there will be general agreement not only by those who have taken part in the debate this year and in similar debates of previous years but by every member of the house that in the question of the retention of capital punishment we have a very large, difficult and complex problem, and we are not living up to our responsibilities if we consider it in any other light.

Before we reach any conclusions we have to get beyond newspaper clipping logic and consider the matter carefully over a period of time, hear competent people who are for it and competent people who are against it and then, having gathered a mass of reliable data, reach our conclusions and apply our

own reasoning to that data in order to bring about, if it is thought advisable, a change in the law; or, if it is not thought advisable, to have a much better informed opinion ourselves and a much better informed public opinion upon the subject.

For that reason, if I might be permitted to do so, I should like to suggest to my hon. friend that he might consider withdrawing the bill and leaving the matter to be dealt with by the parliamentary committee which has a bill before it upon this same subject which is in order and which they are considering in the manner in which I have indicated.

Mr. Fulton: I should like to ask the minister a question. He gave us certain statistics and information regarding states and countries which have abolished capital punishment. Has the minister figures showing not a comparison of their rate with Canada's so far as homicide is concerned, but showing their rate of homicide while they had capital punishment and the rate after they abolished it? I think he would then be comparing something under circumstances which are similar.

Mr. Garson: No, I have not. The restoration of capital punishment in the case of New Zealand was in 1950, and the time lag with respect to the securing of these statistics is such that I doubt very much if any reliable statistics are available. Then, as I am sure my hon. friend will agree, statistics of this sort, which are not plentiful in any country, are only reliable, it would seem to me, if they are examined over a fair period of time.

Mr. Angus MacInnis (Vancouver East): Mr. Speaker, I should like to say a few words on this bill. I am constrained to do so as much by what the minister has proposed as by my support of the bill of the hon. member for Moose Jaw (Mr. Thatcher).

I am opposed to capital punishment and I am supporting the bill. I think, whether we agree with the purposes of the bill or not, that the member for Moose Jaw should be commended for bringing it before the house. I appreciate that it is a question upon which there is very wide difference of view, but I believe an ever-increasing number of people are coming to realize that capital punishment is not only ineffectual as a deterrent to homicide but it also has other psychological effects that are not beneficial to society. I think the penalty of "a life for a life" which we now carry out with capital punishment was an act of revenge in other and more primitive days. Civilized society everywhere is getting away from the old idea of revenge and taking the much broader view, as the minister said, of protecting society.

A little while ago I read somewhere a statement made by a retired officer of the metropolitan police in London. After many years of experience in dealing with crime he gave it as his opinion that the difference between the state of mind that resulted in crime and the normal state of mind was very, very narrow indeed; and that no one could say when he would be himself in an emotional state where a crime of violence would seem to be the natural thing to do. If that is the case, the person who commits murder is not in any normal state of mind; and whether he is insane or knows what he is doing is not a question of great importance. I think we will agree that such a person really has not much control over his actions, and for that reason I think it would be much better to protect society by seeing that he is not allowed to mix with society again than by going through the very brutal proceedings by the infliction of capital punishment. I think the method we use in carrying out capital punishment is the most revolting of any being used at this time.

The suggestion made by the Minister of Justice (Mr. Garson) is a good one, even though the member for Moose Jaw may not agree. I do not know whether he will agree, though I imagine he will because it is a reasonable suggestion. If the hon. member does not agree the likely result in connection with this bill would be that it would go to a vote and be defeated in the house, and that would be the end of it for this year. However, if the committee on criminal law should bring a recommendation to the house concerning capital punishment, and the other things the Minister of Justice referred to, to the effect that they should be dealt with by a royal commission or a parliamentary committee, then I would think the member for Moose Jaw had made some progress by the introduction of his bill.

I do not think there is anything further I need to say; but if my advice is of any value to the hon. member, I would suggest that withdrawing the bill in view of what has been said by the Minister of Justice would be the proper course at this time.

Mr. J. J. Smith (Moose Mountain): Mr. Speaker, I wish to make a few comments on this bill which has been presented to the house by the hon. member for Moose Jaw (Mr. Thatcher). I am not a lawyer and I cannot talk about the legal aspects of the bill, but I do believe the bill has considerable merit in it. I think the abolition of capital punishment is something we might well consider in this day and age. I think, too,

that we have considered bills in this house which have had much less merit than this present bill.

I am not too greatly concerned about how a criminal is put to death. I do not think it makes a great deal of difference to one who is going to lose his life whether he is to be guillotined, hanged or sent to the electric chair. I understand that in France they still use the guillotine. In Great Britain individuals are hanged for the offence of murder, and in this country we follow that same procedure. In the United States the electric chair is generally used.

My concern in regard to capital punishment is for the immediate friends and relatives of those who are to be hanged. It seems to me that hanging is a pretty cruel death; but again I say that I do not think it makes too much difference to the man who is going to be hanged just what happens to him. He has been found guilty in the courtroom and the judge has said that he will be hanged until he is dead. I do not think the method makes too much difference to the criminal, but I do have in mind possibly parents, a brother or sister or close relatives and friends of that criminal, and I think the effect on them is very important.

The minister has suggested that this matter may be referred to the committee on criminal law and I think in this day and age it is time we looked into capital punishment and, if we are going to continue to have it in this country, see if there might not be a better method. I repeat that my concern is for those who are close relatives of the one who is to be hanged. I have a family, and it seems to me that if one of my sons got into trouble and had to pay that penalty under the law of the country, then it would be some consolation to me, if capital punishment could not be abolished, if we had a more humanitarian way of taking the life of that individual. My hon. friend in front of me says I may be hanged myself, but I will take that chance. In the United States they use the electric chair, and I think that is a more humane way for one to be put to death.

That is all I am going to say and I suppose that the hon. member for Moose Jaw will withdraw his bill. However, if it goes to a vote I will support it.

Mr. William Bryce (Selkirk): I do not know why I am entering this debate, Mr. Speaker, because the hon. member for Vancouver East (Mr. MacInnis) has pretty well expressed the views I hold. When I read in the newspaper about a man or woman going to be hanged, it makes my blood run cold to think we would do such a thing in this modern world. I feel that there should be some other method of punishing these people. The Minister of Justice (Mr. Garson) argues that you have to hang someone for deliberately murdering another person. However, during my lifetime there have been many occasions upon which people have been hanged and I have wondered whether they should have been.

When I was a little boy in Glasgow, probably in 1893 or 1894, I recall that a man by the name of Oscar Slater was sentenced to be hanged, which sentence was commuted. After he had served 20 years in Peterhead prison he obtained a pardon and was granted £20,000 by the British government. In my opinion it would be far better not to hang anyone than to run the risk of punishing an innocent man. The circumstantial evidence which convicted this man was given by a servant girl who said he was the man she saw run out of an alleyway. I have been in the cell in which that man lived for 20 years. Before it was renovated it was only 4 feet by 6 feet, and I think that was a terrible punishment to inflict upon a man for which no amount of money could compensate him.

There may be cases in which men should pay this penalty, but I believe such cases would be very few. As has been suggested, I believe the matter should be discussed in the committee on the criminal law, with a view to taking into consideration the nature of the crime and the condition of mind in which the man was when he committed it.

I do not have any more to say on this subject, since my colleagues have spoken on it. If the bill is withdrawn, I hope the minister gives the subject the consideration to which it is entitled. If the bill is not withdrawn, I shall support it.

Mr. J. W. Noseworthy (York South): Mr. Speaker, I merely want to say that I support the bill, and I congratulate the hon. member for Moose Jaw (Mr. Thatcher) for having brought this matter to the attention of the house as he has done year after year. I tried to follow the minister's argument to discover whether or not he was in favour of capital punishment. I think everyone reading his remarks will find it rather difficult to conclude which way the minister was arguing. I would gather, however, that the minister is not prepared at this time to support the bill. If the minister is not prepared to support it, and if he is speaking for the cabinet, then of course the bill has not a chance in the world of passing the house. The only recourse open to the hon. member is to follow

the minister's suggestion, unless he wants to see the bill defeated by an overwhelming majority.

I think there is a growing number of people throughout this country who are opposed to capital punishment. The committee which is revising the Criminal Code has had a number of representations made to it expressing that opinion, and a number have asked that a commission be set up this session in order to study the question of abolishing capital punishment and abolishing whipping. I am pleased to gather from the minister's remarks, whether or not he is in favour of abolishing capital punishment, that he will support a resolution coming from that committee recommending the setting up of a parliamentary committee to study this matter at some length. In the light of that fact I shall support the withdrawal of this bill, if it is withdrawn. If it is not, I shall vote in favour of it.

Mr. G. F. Higgins (St. John's East): Mr. Speaker, I want to say quite frankly that I am entirely in disagreement with the principle of the bill. The chief purpose of punishment, as I understand it, is the prevention of crime. If you want to prevent crime, as I view it—and I have talked to much wiser people than I shall ever be—and from what I have read, the only way to prevent a crime of this nature is by humiliation. Hanging not only extinguishes the life of the chief felon, but it also imposes a very severe punishment on the family of the felon.

Mr. Knowles: The government might want to prevent you from doing some of the things you do.

Mr. Higgins: Quite possibly. I do say there may be people with strong ideas on the other side of the fence, but as I view it, I do not agree with them. Again I am speaking in the presence of my important seniors at the law—I was going to say my seniors at the bar, but that might be misunderstood. I am unalterably opposed to the principle of this bill, and I intend to vote against it if it comes to a vote.

Mr. Speaker: If the hon. member for Moose Jaw (Mr. Thatcher) speaks now he will close the debate.

Mr. W. Ross Thatcher (Moose Jaw): It is obvious that this bill is fairly contentious. It is also fairly obvious that if it does go to a vote the bill will be defeated. I may say that when I first introduced this bill to the house it received very little support. I have been pleased that there have been quite a number of members on this occasion who have spoken in favour of it. I believe the speech which the Minister of Justice (Mr. Garson) made this afternoon was most reasonable. He has suggested that if his colleagues on the committee consolidating the Criminal Code will go along with him, at the next session there will be a committee of some sort or a royal commission which will go into the matter in the proper way.

Since the matter is so contentious, I do think it needs a good deal of study. I should like to accept the suggestion which the minister has made and withdraw the bill at this time. In doing so, may I say that I hope in the intervening period the cabinet will exercise its prerogative of clemency in capital cases wherever possible. I have noticed that in recent months the cabinet seems to have been doing that on quite frequent occasions. I hope the Criminal Code committee will accept the suggestion which the minister has made today, and that parliament will accept that recommendation when it comes. I would ask then, Mr. Speaker, for permission to withdraw this bill.

Mr. Speaker: Has the hon. member leave to withdraw the bill?

Some hon. Members: Agreed.

Order discharged and bill withdrawn.

CANADA ELECTIONS ACT

AMENDMENT REGARDING POLL CLERKS AND ADVANCE POLLS

On the order:

Resuming the adjourned debate on the motion of Mr. Adamson for the second reading of Bill No. 224, an act to amend the Canada Elections Act.

Mr. Rodney Adamson (York West): I do not want to hold up the house, Mr. Speaker, since the officers of the Department of National Defence are here and the minister is going to leave shortly. But I would ask that this bill receive some consideration at the next hour given to public and private bills. I feel that the bill—

Mr. Speaker: Order. Probably the bill should stand today.

Mr. Adamson: Yes.

Mr. Speaker: Stand. The business on the order paper for private and public bills having been disposed of, the house will resume its business which was interrupted at five o'clock.

HOUSE OF COMMONS

SUGGESTION THAT PAGE BOYS BE EXCUSED FROM ATTENDANCE THIS EVENING

Mr. H. W. Herridge (Kootenay West): Before you leave the chair, Mr. Speaker, I rise on a question of privilege because it is a matter which is of some concern to several

members of the house. We have had a long and heavy week, and so far we have sat every evening. The page boys have been kept extremely busy. I was wondering, Your Honour, whether you would give consideration to allowing the page boys to go home after the dinner hour this evening in order that they may get some rest. We shall have another heavy week ahead of us next week.

Mr. Speaker: That is a good suggestion. If the members of the house can look after their own wants themselves, I will direct the chief page to allow the boys to go home after six o'clock.

SUPPLY

The house resumed in committee of supply, Mr. Robinson in the chair.

DEPARTMENT OF NATIONAL DEFENCE

The Deputy Chairman: Do I understand that we have disposed of the subheading "Army"?

Mr. Green: Mr. Chairman, while the house was considering private bills I had an opportunity to check up on the reports of the earlier discussion. The associate minister was to get me further information with regard to this army benevolent fund. In his earlier remarks he did not make it clear whether the Korean army veteran will now be able to get loans and have all the privileges which are enjoyed by a Korean navy veteran and a Korean air force veteran. As the associate minister will remember, he was uncertain of the situation at that time. I would ask for a further explanation now.

Mr. Campney: To reply to the hon. member's further question, it is my understanding that under the new fund to which I referred and which will be applicable to the Korean veterans of the army, called the Canadian army welfare fund, they will be permitted to obtain loans and generally speaking—I cannot say in every specific detail—the purview of this new fund will be similar to that of the navy benevolent fund and the air force benevolent fund. These are private funds, as the hon. member will understand; they are not government funds. They are administered in trust. I am told that the general field covered by the new Canadian army welfare fund, together with the benevolent fund, will be parallel to the other two.

Mr. Green: Will the funds be administered by the same board which administers the army funds from the second great war?

Mr. Campney: Yes. I understand that the administration will be carried on by the same agency that administers the army benevolent fund.

[Mr. Herridge.]

Mr. Green: Then the veteran of the second world war will not have the same rights as the veteran of the Korean war? Will that be the position? In other words, this army board will be administering two different funds in different ways. There will be more privileges pertaining to the fund which is now being set up for the Korean army veteran.

Mr. Campney: The hon. member is correct. Unless and until the army benevolent fund is changed, it has a limitation which does not obtain in respect of either the naval benevolent fund or the air force benevolent fund or the new Canadian army welfare fund which will be available to the veterans from Korea.

Mr. Green: When will that fund be set up?

Mr. Campney: It is in the process of being set up now. I think the organization part is practically completed.

The Deputy Chairman: Shall the subheading carry?

Some hon. Members: Carried.

The Deputy Chairman: We shall then proceed to the subheading "Royal Canadian Air Force—Regular and General", found at page 311 of the blue book.

Mr. Dinsdale: On the subject of the air force there are several questions I should like to raise, and I think I will present the whole group of questions while I am on my feet, if I may. During the minister's remarks on April 14 he had this to say as reported at page 3811 of *Hansard*:

> During 1952-53 there were 19 regular airfields, stations and schools opened bringing the total number used by the air force up to 108. Another 13 regular and 7 auxiliary schools and stations will be opened during 1953-54.

That statement indicates that an expansion of air force training facilities is contemplated for the current fiscal year. I should like to ask the associate minister whether he could give further details as to the expansion contemplated. For example, would it be possible to indicate where and when these 13 regular and 7 auxiliary schools are going to be located?

Continuing along that same line dealing with the expansion of auxiliary schools, I do not know whether that refers to reserve training or not, but in the estimates I notice that the expenditure for auxiliary operations is decreasing from $5,718,162 to a figure of $5,286,200 for the forthcoming fiscal year. I should like to discover the reason for the decrease. That would tend to indicate that

no further expansion in the auxiliary operations is contemplated, something which seems to be contrary to the statement I have read from page 3811 of *Hansard*.

If the auxiliary operations are to be extended, if there is to be an expansion of the number of auxiliary squadrons, I should like to remind the associate minister that for some two or three years now the air force association in the city of Brandon has been very interested in participating in this form of reserve activity. They are a very keen group; at the present time they are not tied to any active program of reserve training. They have won a pennant award for their participation in association activities this year, and they would be interested in any expansion of reserve activities of this nature that might be undertaken.

That brings me to the mobilization assignment training program. I am getting all sorts of information these days about defence matters in general and air force matters in particular. This morning in my mail a circular letter reached my desk. It is the first issue of what is called the M.A.T.P. officers' training school. I believe they are going to circulate a monthly information sheet of this kind. As I read this circular it would seem to me it is expected that there will be some expansion in this form of reserve training. On page 2 of the circular it is indicated that the first course for mobilization air training personnel is to get under way in September of this year, a course in flying control activities. It is hoped that circumstances will soon permit additional courses for personnel engaged in other types of employment. That seems to deal with one of the complaints I made the other day to the effect that reserve people having a special background of training are not being fitted into the area of service for which they are most suitably prepared.

I should like to commend the department for its activity in this regard. A list of the personnel already participating in the M.A.T.P. is attached, and the implication I get from this list is to the effect that more and more reserve people are to be absorbed in this type of training program. I think it is a very worthy activity. If the minister has anything further to say on this matter I would appreciate having it.

Finally, coming back to the association problems again, I am wondering just what form of assistance is available to air force association wings across the country. It is a veterans' group that is officially recognized by the R.C.A.F. and the Department of National Defence. Up to the present time most of its activities have been of a social nature, but they are trying to contribute in some more concrete way. I know that our own wing, the 502 wing, has recently established a club and they are interested in knowing whether any assistance is available in the form of furnishings and that sort of thing that could be used in equipping a mess. At the present time we have not been able to get any concrete information in that regard. That covers most of the questions I had in mind.

Mr. Campney: With reference to the first question asked by the hon. member for Brandon, I have not a list of the 13 regular and 7 auxiliary schools and stations that are referred to on page 3811 of *Hansard*, but I would observe first that these figures include major Royal Canadian Air Force formations and units, including wing headquarters, ground and operational units, supply depots and radar units as well as actual flying units.

With respect to the auxiliary units, I can give the hon. member the location of the 7: Saskatoon, 2; Calgary, 2; Saint John, New Brunswick; Windsor, Ontario; London.

On the second point as to the apparent decrease in the air force estimates, I am told that the discrepancy to which the hon. member referred was owing to the fact that there was an overprovision in the estimates of last year. It is not owing to an actual decrease in the activity.

With regard to the air force association, it is my understanding that a grant of $15,000 a year is given to the association and the members are given a free subscription to the *Roundel*; but no other assistance.

Mr. Dinsdale: I take it that no movement is under way to increase the number of auxiliary squadrons in operation in Canada?

Mr. Campney: Not flying.

Mr. Dinsdale: Not flying squadrons?

Mr. Campney: No.

The Deputy Chairman: Shall the subheading carry?

Mr. Pearkes: It is six o'clock.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

The Chairman: We shall continue consideration of item 241.

Mr. MacLean (Queens): I see an item here for 28 air traffic control assistants, listed in the civil staff. Does that mean that civilians

have replaced service personnel in this employment, or does this represent a new category of employment?

Mr. Claxton: The Royal Canadian Air Force took over from the Department of Transport a number of air stations. At the present time there are 28 air traffic control assistants located at seven air traffic control centres across Canada, namely at Saint John, New Brunswick, Moncton, Dorval, Toronto, Winnipeg, Edmonton and Vancouver. Their job is to pass on flight plan information concerning all aircraft in their area to the air defence control centre, so that particular flights may be identified. This is part of the air defence of North America.

Mr. MacLean (Queens): I see that under the civil staff there appears to be an appreciable increase in the number of clerks and stenographers, as well as diesel power plant operators. Are these additional employees, or are they civilian personnel who are replacing service personnel in certain categories of employment?

Mr. Claxton: The diesel engine operators are stationary engineers at radar stations where power plants are located, and the others mentioned by the hon. member represent an endeavour to use civilian rather than service personnel wherever possible.

Mr. MacLean (Queens): I have mentioned a considerable increase in the number of clerks and stenographers in the civil staff. It seems to me there has been a considerable increase in the number of service stenographers employed by the air force in the last year, due to the fact that women are again being recruited in that force. Would the minister give us some indication of the over-all increase in the number of stenographic employees?

Mr. Claxton: The increase in stenographic employees is related to the increase in the activities of the R.C.A.F. generally. The number of man-years is one way of measuring it. In the year 1952-53 the number of man-years in the R.C.A.F., as related to this point, was 37,073, while in 1953-54 it is estimated the number will be 44,309. The civilian increase is related to that.

Mr. MacLean (Queens): Last year an item appeared in the estimates for the employment of chauffeurs in Brussels and Moscow. No doubt this was in connection with air attachés. This year the item does not appear. I presume these chauffeurs are now service personnel; is that the explanation?

Mr. Claxton: The service personnel in Brussels have been changed so there is no longer an air attaché there. In Moscow it has to be a serviceman.

[Mr. MacLean (Queens).]

Mr. MacLean (Queens): Then under the heading of major procurement of equipment I find an item for aircraft and engines, which has been increased from $223,545,000 to $420,232,600. What does that increase represent? Then I see a separate item for armament equipment, and another item for signal and wireless equipment. Does this include airborne equipment, or is the cost of airborne armament included with aircraft and engines? Does the sub-item of armament equipment include airborne as well as ground equipment?

Mr. Claxton: The first item of $420,232,600 covers aircraft of all types, and everything that goes into aircraft. The major components are, for the Sabre, $65 million; for the CF-100, $77 million; for the C-119 Packets, $3 million; for the de Havilland Comet, $700,000; for the Otter, $660,000. Then there is an item for customs, excise, sales tax, etc. of $9,810,000 and an item for the Lockheed trainer, which is the T-33, of $1,703,000. The figures I have given relate to the total program, and the amount of that total program of $1,146,640,000 which we expect to spend in 1953-54 is $420,232,600.

The second item to which the hon. member referred is armament. The estimate for cash required is $4,515,000. That includes ground armament, airborne gun and rocket-firing and sighting equipment, guided missile equipment, test and handling equipment, passive defence equipment, freight, express, customs and excise.

Mr. Harkness: I was a little surprised to have the minister give a breakdown of the $420 million as between the amount for Sabres, the amount for CF-100's and so forth in view of the fact that when I tried to get that information last year in the defence expenditure committee with respect to the item of $687 million which had been spent on aircraft up to that time I was refused the information on the grounds of security. But as the minister has now given a breakdown as far as the $420 million is concerned, I wonder if he would be prepared to give one with respect to the item of $687 million which we had up to this year.

Mr. Claxton: I did not give a breakdown of the expenditures involved in the $420,232,600. I gave the division with respect to the total program, which I do not think would have any security attached to it.

Mr. Harkness: I understood the minister was giving a breakdown of the $420 million. He gave so much for Sabres, so much for CF-100's, so much for T-33's and so on. What does that refer to if it does not refer to the $420 million?

Mr. Claxton: The balance of the authorized program totalling $1,146,640,000.

Mr. Harkness: I am not quite clear as to what the breakdown the minister gave referred to unless it had reference to the $420 million. Is that what it referred to?

Mr. Claxton: I am afraid not. I gave the figures with regard to the total program, but not the amount of cash that would be spent this year.

Mr. Harkness: I certainly do not think the figures the minister gave referred to the total program which includes this $420 million up to January 1 of last year, I think it was. There is over a billion there alone, and the figures he gave certainly do not add up to anything like that. I did not put them down, but having kept rough track of them I would say that they do not even add up to $420 million.

Mr. Claxton: The figures are made up of a carryover from the program of $981,022,000, that has already been entered upon and committed, and the new program of $165,618,000, or a total of $1,146,640,000, of which $726,407,400 is to be liquidated in future years.

Mr. Harkness: We seem to be talking at cross purposes. What exactly was the breakdown that the minister gave? He mentioned $65 million for Sabres and $3 million for C-119's. I have forgotten what the other figures were.

Mr. Claxton: The items I mentioned plus some others that are similar total $165,618,000, which is the new program in addition to that already put before parliament and in respect of which we have commitment authority.

Mr. Harkness: What relation do these figures have to the $420 million? Are they included in it or are they in addition to it?

Mr. Claxton: The $420 million that I mentioned will be used to finance the carryover, plus new program, less commitments to be liquidated in future years which total $726,407,400. The details I gave, including the $65 million odd for Sabres and $77 million for Canucks, are the new program.

Mr. Harkness: If I understand this properly, the $165 million is all of the new program which is included in the $420 million. The $420 million is the previous commitments from last year and the year before but which is going to be spent this year, less the amount that the minister indicated.

Mr. Claxton: Less the amount that will be spent in future years; that is right.

Mr. Harkness: Less the amount to be spent in future years. In other words, this consists of money commitments which were made in past years, plus the $165 million which is a new commitment to be spent this year, plus commitments for future years.

Mr. Claxton: Less commitments for future years.

Mr. Harkness: The $420 million includes commitments for future years too, does it not?

Mr. Campney: That is the cash element to be spent for this present fiscal year.

Mr. Harkness: If that is the cash element, then the $420 million minus the $165 million, which would be approximately $260 million, represents cash expenditures on commitments from past years.

Mr. Claxton: That is right—to be made this year.

Mr. Harkness: There are no commitments for future years included in this at all?

Mr. Claxton: No.

Mr. Harkness: Not in the whole $420 million.

Mr. Claxton: No.

Mr. Harkness: We have a breakdown of $165 million out of the $420 million. Can we get a similar breakdown for the remaining $260 million odd?

Mr. Claxton: We have not got a breakdown of that. The way in which I put the figures was that we have a commitment authority carryover of $981,022,000 and a new program of $165,618,000, or a total of $1,146,640,000, from which $726,407,400 is to be subtracted because it is to be liquidated in future years. The difference is the cash required for this year of $420,232,600, of which $165,618,000 is covered by the details I gave.

Mr. Harkness: As I understand the picture now, there is a carry-over of $981 million included in which is $260 million odd which is included in this item, for which cash is going to be put out this year, and of which we have not had a breakdown.

Mr. Claxton: That is right.

Mr. Harkness: And the remainder, which would be about $720 million, has still not been committed. Is that correct?

Mr. Claxton: It is committed but it will not have to be met in 1953-54.

Mr. Harkness: May I put it this way. Of this $981 million there is a further amount of approximately $720 million which will not be spent this year and which has not been spent up to date.

Mr. Claxton: That is right.

Mr. Harkness: But it has all been committed?

Mr. Claxton: Yes.

Mr. Harkness: For this total amount which has been committed but not spent can the minister give us any breakdown—although I am not insisting—of how it is to be spent?

Mr. Claxton: I think the same reasoning would apply here as applied in the defence expenditure committee.

Mr. Harkness: In view of the fact that we have had a breakdown of part of this $420 million which is actually to be spent this year, it would seem to me that we should be able to have a breakdown of the whole thing. I would think that as far as security is concerned the rule which applies in one place should apply in the other.

Mr. Claxton: A partial breakdown does not give you or anyone else anything, except as related to the amount we are seeking here in the total breakdown.

Mr. Fulton: It does if you give it year by year. The minister has given it this year and he will presumably give it in future years.

Mr. Claxton: Is it desirable to give it?

Mr. Fulton: I cannot see why not unless the minister is going to say in some future year that he will not give the breakdown for that year. If he is going to give the breakdown year by year, as he has for this year's operation, when the whole program is completed we will have the whole picture. Is there any difference between giving it for the whole program and giving it year by year until the whole program is completed? If there is some valid security reason perhaps we would be able to understand, but I cannot see it.

Mr. Claxton: Perhaps I was wrong in giving it a moment ago, but that does not justify us giving the whole thing which would enable one, by a simple process of division, to arrive at the total production of fighter aircraft, something that is not we believe in the public interest to give.

Mr. Harkness: May I ask the minister how much cash has actually been expended since the three-year program started? It is very difficult to keep track of these things, with these commitments, hold-overs and so on. As far as I can make out, $165 million of new expenditure is to be made this year and there is a $981 million carryover from money which was authorized by parliament in past years. In addition to the $981 million authorization or commitment or whatever you wish to call it, how much has actually been expended as far as the three-year program is concerned?

Mr. Claxton: The total amount expended for each service—

Mr. Harkness: I mean just for the air force.

Mr. Claxton: —on that major division is given in the white paper at pages 36 and 37.

Mr. Harkness: Where on pages 36 and 37 would we relate this $981 million to the total amount voted and the total amount expended? That is the thing I do not see.

Mr. Claxton: What the hon. gentleman was asking a moment ago was the amount that had been spent during the past three years?

Mr. Harkness: Yes.

Mr. Claxton: Well, that is included in the item on page 37: procurement of equipment.

Mr. Fulton: Not for aircraft.

Mr. Claxton: No.

Mr. Harkness: It was aircraft I was asking about because I was trying to relate it to the total $981 million carryover and also to the total amount that had been voted.

Mr. Claxton: I would be glad indeed to get for the hon. member the total expenditure on aircraft provided that we do not have to break it down into types. I will get it for the hon. member.

Mr. Pearkes: May I ask a question? Have the CF-100's which are now being organized into squadrons at North Bay been equipped yet with electronic gun sights?

Mr. Claxton: They are being equipped with radar sights, yes.

Mr. Pearkes: I know they are to be equipped but they are not so equipped at the present time.

Mr. Claxton: Well, they are.

Mr. Pearkes: They are or they are not equipped?

Mr. Claxton: They are equipped.

Mr. Pearkes: They are equipped with electronic gun sights now?

Mr. Claxton: Yes. While this is a field which is pretty technical for me, as I understand it they are equipped now; and there are developments occurring which are resulting in their being equipped as they come off the line with a subsequent development, the very latest thing.

Mr. Pearkes: There is one other observation which I am forced to make. On April 14, at page 3811 of *Hansard*, the minister said

that the radar system would be largely completed in 1953. I know this is highly bound up by security, but that estimate is so far from the estimates that I have been given by other sources that I just wanted to ask the minister whether by any chance a mistake had been made in his estimates.

Mr. Claxton: No, that is correct. As regards the Canadian part of the radar chain, as it is presently planned, we expect that it will be largely operational in 1953. A good number of the permanent stations are operational now.

Mr. Higgins: Last year there was $223 million spent for aircraft and engines. Of that amount more than one-third was spent outside of Canada. From the returns I have here this year we plan to spend $420 million on the same item. How much of that will be spent outside of Canada?

Mr. Claxton: That is a matter for the Department of Defence Production. From the figures I have seen it will be very much less in proportion because for one thing we are producing the Orenda engine in quantity. It will go into the F-86E Sabre—it is going in now—and that will mean a very large additional element of each aircraft of that type will be produced in Canada.

Mr. Higgins: You expect the same ratio of purchases as last year would follow?

Mr. Claxton: No, I think it would be very much less.

Mr. Higgins: You have no idea how much less?

Mr. Claxton: No.

Mr. Macdonnell (Greenwood): In that connection, I want to ask how much of our defence money has been spent in Britain up to date?

Mr. Claxton: That is in the white paper, in so far as it can be sorted out into the main end items, and it appears at page 34. During 1951-52 we have spent $9,962,000; in 1952-53, for ten months, $15,732,000, and that is largely for Centurion tanks. In addition to that we have spent considerable sums on components that have gone into these new ships.

Mr. Macdonnell (Greenwood): I was given a figure of $100 million from the department up to the end of 1952. It seems to me it is a matter of very great importance having regard to the balance of payments between Britain and ourselves. I am wondering if the minister can hold out any hope that more can be done. I was told at one time that deliveries were slow, but later I was told that the difficulty was clearing up. I wonder if the minister can say something about it, as I think it is a matter of great importance.

Mr. Claxton: My colleagues the Minister of Defence Production and the Minister of Finance are continuously directing their attention to this subject. We have had also, of course, a number of conversations with representatives of the British government and their department of defence, to see in what ways we could enlarge these expenditures. There are considerable difficulties in the way of getting delivery and also of having equipment of the types that we want. We are getting all the Centurions we can from Britain, but in the case of F-86E Sabres the flow is the other way.

We are exploring, for example, the possibility of acquiring or getting the right to make a new type of long-range aircraft for production about 1956-57.

Mr. Macdonnell (Greenwood): I do not want to labour the point, but when we are having difficulty selling things from this country, such as cheese and things of that sort, I am wondering if the minister can assure us that it is a matter of constant effort on the part of those who are responsible for purchasing to have it in mind that, all other things being equal or nearly equal, we should purchase in Britain. We are trying all kinds of ways of adjusting the balance, and it seems to me that here is a way because we are here spending many hundreds of millions of dollars.

I would not disagree that there are difficulties; I know they exist. There is an old music hall maxim, however, which says "where there is a will there are three ways." If everyone has it in mind, it seems to me that a great deal could be done.

Mr. Claxton: That is right. This is the business of my colleague the Minister of Defence Production. I assure the hon. member he has this problem very much in the forefront of his mind, just as his officers have. They are doing everything possible in that direction.

Mr. Higgins: Following the hon. member's remarks just now, I notice that according to a return I have here it would appear that we purchased last year aircraft engines and planes from Britain to the value of $22·5 million and from the United States to the value of $54 million. Is that correct?

The Chairman: The minister has said twice that the Minister of Defence Production is the minister dealing with that problem, together with the Minister of Finance; therefore I think we ought—

Mr. Higgins: It is in the minister's estimates.

The Chairman: That is the amount to be spent, and if you want to ask for any information concerning the purposes for which the money was spent, that is quite relevant. Information concerning where the contracts are being let is a matter, according to the minister's statement, that is left to the Minister of Defence Production.

Mr. Higgins: With deference, Mr. Chairman, this was a return of the house which is in *Hansard* of March 30, 1953 at page 3397. It shows the sum of $54 million having been spent for aircraft and engines in the United States, while $22·5 million was spent in Britain.

The Chairman: Was the return filed by the Minister of National Defence or the Minister of Defence Production?

Mr. Higgins: Is it material who files it?

The Chairman: It is when we are studying the estimates. The estimates of the Minister of Defence Production will come later, and questions relating to his department should be asked at that time. It will be quite proper for the hon. member to ask the question then. I do not want to get involved in a long discussion on procedure.

Mr. Higgins: There is an item here, "aircraft engines". What other item would enable a member to ask a question except this item "aircraft engines" in the minister's estimates?

The Chairman: It seems to me that if the Minister of National Defence requisitioned the Minister of Defence Production to purchase aircraft engines, it would be for the Minister of Defence Production to inform the house as to where he let his contracts, whether it is in Britain or the United States. That is my view.

Mr. Harkness: May I point out that the Minister of National Defence asks the Minister of Defence Production to purchase aircraft, and he specifies the kind of aircraft or engines he wants. In other words he specifies whether it is a British engine or a United States engine. I think, therefore, it is proper to ask questions of this sort because the minister is the one who specifies the type of engine to be secured.

Mr. McIlraith: With respect to the reference by the hon. member for St. John's East to the question and answer appearing on page 3397 of *Hansard* for March 30, 1953, about which he is now seeking to question the Minister of National Defence, I may say that the information does not relate to the procurement of aircraft engines for defence at all.

[The Chairman.]

It is a statistical figure showing the number of airplanes and engines imported into Canada, and includes all sorts of commercial aircraft, engines and that sort of thing. It has no bearing upon defence expenditures in any way.

Mr. Green: May I point out that the Minister of National Defence, in his own white paper, sets out how much money has been spent in the United Kingdom and how much has been spent in the United States. Surely the hon. member for St. John's East is entitled to ask a question along that line. As I understood it, that was what he was doing.

The Chairman: My remarks were made in the light of the reply which the minister gave. In any event the minister wants to take the floor.

Mr. Claxton: There is no doubt about the right of the hon. member for St. John's East to ask the question, but the question is whether I can answer it. None of the figures I have here will answer it. The Department of Defence Production have the figures and can give the answer. I suggest, as the chairman did, that is the department to which the hon. member should put his question.

I may say, in a general way, that during the year we bought some Bristol freighters, some Merlin engines and at the end of the year we bought two Comet aircraft. Apart from that I do not recall that we made any purchases of aircraft or their parts from Britain during the year.

Mr. Higgins: It is correct to say that the Minister of National Defence does not actually keep a tabulation of the orders that he places?

Mr. Howe: Well, why should he?

Mr. Claxton: I ask the Minister of Defence Production to procure some equipment. He is the person who selects where the equipment is to be procured and keeps the figures on the contracts and so forth. We provide him in the end with the money.

Mr. Higgins: Would it be fair to ask him to answer the question?

Mr. Howe: No.

Mr. Fulton: May I point out to you, Mr. Chairman, that as I see it, unless we were to do it under the first item of the defence production estimates, there is no item under which this question concerning the money spent for aircraft engines could be asked. If you look at the defence production estimates on page 12 you will find there is no particular item to which that particular question is relevant. I would imagine that even with a generous chairman such as you have been, if I may say so, you would be bound to rule the hon. gentleman out of order because

there would be no item in these estimates on which he could ask his question. It seems to me the sensible thing to do is have both ministers here, and if one cannot answer the question then the other should.

Mr. Knowles: One cannot answer and the other will not.

Mr. Howe: As the minister charged with responsibility, I shall be pleased to bring in that information when my estimates come down, if they come down. I suppose that will depend on the length of the session.

An hon. Member: I thought the minister was always an optimist.

The Chairman: Order.

Mr. Noseworthy: I note that the item for clothing and personal equipment is reduced from $31 million last year to $15 million this year. Will the minister comment on that matter?

Mr. Claxton: Yes; I should be glad to. That is owing to the fact that in 1951, as I announced on February 5, we entered a period of stockpiling equipment for the purposes of mobilization. We also had to replace stocks that were used to equip the forces as they were rapidly built up. Therefore during 1952-53 we spent much larger sums on clothing than were necessary for a normal year. Having replenished our stocks that were necessary to equip the forces and provide something for stockpiling, it is now possible to reduce the amount sought for clothing.

Mr. Noseworthy: Have any changes been introduced in the style of uniforms for the air force within the last couple of years? For instance, I have been told that last year before one issue was completed the style had been changed and a new style of uniform was introduced.

Mr. Claxton: No, that is not so.

Mr. Noseworthy: How many changes of style have been introduced within the last year or two?

Mr. Claxton: The only change of any significance at all that occurs to me as having been made during the last three years is that there is a new working dress for air crew and ground crew along the lines of battle dress.

Mr. MacLean (Queens): To revert again to civil staff, there are a couple of questions I should like to ask. I notice that the department apparently employs one meteorologist. Since ordinarily these men are employed by the Department of Transport, perhaps the minister would explain this one exception and tell us how it comes about that he is employed by the Department of National Defence. Then as a second question I would ask this. I notice that the estimate for payment of the corps of commissionaires has increased considerably, namely by about $150,000. Does this mean that there is an increasing program in effect for replacing service guards by commissionaires for guard duties? Is that the explanation of the increase?

Mr. Claxton: On the first point, may I say that I am informed that we have one meteorologist attached to air force headquarters, on loan or seconded from the Department of Transport. He is there as an adviser to co-ordinate civilian and air force meteorological activities, and we pay his salary. On the second point, my answer is that the general policy is to reduce the number of service guards to the minimum and to have the corps of commissionaires wherever we can. I might also say that there are 19 new units this year.

Mr. MacLean (Queens): Further on there is an item for the purchase of real properties, land and buildings. There is an increase there of about $5 million. Can the minister explain that increase?

Mr. Claxton: Yes. This is largely for the purpose of a new air weapons range at Cold Lake, Alberta. That accounts for a great proportion of the increase.

Mr. MacLean (Queens): In connection with the purchase of land at Cold Lake, can the minister tell the committee how the value of this land was arrived at? Was it bought by tender, by some independent arbitration to set the value, or from whom was it bought?

Mr. Claxton: I am informed that this matter was gone into in great detail in the defence expenditure committee where actual unit costs, the procedures and so on were explained.

The Chairman: Shall we pass on to defence research and development?

Mr. Harkness: No, Mr. Chairman. There is an item here which I was rather surprised to see, namely "gasoline, fuel oil and lubricants for aircraft and mechanical equipment". Last year the amount was $17 million; this year it is about $13,700,000. There is a considerable decrease in spite of what the minister has told us about the increasing activities of the R.C.A.F. and the increasing numbers of aircraft. I found it difficult to understand why the cost of gasoline and lubricants for these aircraft had come down so much.

Mr. Claxton: The entire reason is, I am told, that the estimate that was made last year was higher than it proved to be necessary.

Mr. Harkness: Can the minister tell us how much actually was expended last year on this particular item?

Mr. Claxton: Of course the figures for the year are not complete yet, but I am informed that the figure of expenditure will be approximately $13 million.

Mr. Harkness: The estimate for this year is being made the same as the amount actually expended last year?

Mr. Claxton: Yes.

Mr. Harkness: I suppose the minister actually expects there will be considerably more flying this year than there was last year?

Mr. Claxton: About the same.

Mr. Harkness: About the same?

Mr. Claxton: Yes. There will be some increase because we will have two more training stations in operation.

Mr. Harkness: I would think there would be bound to be more flying this year.

Mr. Claxton: Yes.

Mr. Harkness: There is an item for ammunition and bombs which is about half a million dollars more this year than it was last year, being $10,900,000 as against $11,500,000. That is quite a different situation than we had in the navy and in the army, particularly in the army where there was a large increase with regard to ammunition and bombs. So far as the air force goes, can the minister explain why the estimate is approximately the same? The air force is supposedly our chief defensive arm, or the arm upon which we are placing the most emphasis. Why is the estimate approximately the same as last year, and why is it a much smaller amount than is shown in the case of the army and the navy?

Mr. Claxton: It is owing to the fact that the air force operation does not involve the use of highly expensive rounds as does that of the army and the navy. As to the air force, it is largely small calibre ammunition used in practice. It is only toward the end of the year that we shall be coming into the rocket field in any considerable way.

Mr. Harkness: What this means particularly, I presume, is that the air force used a comparatively small amount of ammunition last year and it is anticipated that they will use a small amount this year in comparison with the other two services.

Mr. Claxton: They will use a great number of rounds but each round costs much less, on the average, than a round in the navy or the army.

Mr. Green: A few moments ago the minister referred to two Comets. Are these the de Havilland jet air liners which we were to obtain in the United Kingdom?

Mr. Claxton: Yes.

Mr. Green: Are they now in the possession of the R.C.A.F.?

Mr. Claxton: Yes. They have been handed over in the United Kingdom and are now engaged in familiarization flights over routes that have been flown previously with Comets so that the experience can be passed on to our pilots who are being trained to use them, and also so that the aircraft can be tested out over the same flights and results arrived at concerning fuel consumption, load-carrying capacity and so on.

Mr. Green: How much do these air liners cost apiece?

Mr. Claxton: They cost something more than $1½ million each.

Mr. Green: I suppose the idea is to bring them to Canada once they have been tested.

Mr. Claxton: That is right.

Mr. Green: To what use will they be put here?

Mr. Claxton: Very largely for the purpose of training the fighter defence and the radar coverage, so the fighter defence and the radar stations can be trained on high speed, high altitude aircraft of the most modern type known.

Mr. Pearkes: The cabinet are not going to the coronation in them?

Mr. Claxton: No.

Mr. Green: Are they to be used for transport purposes as well?

Mr. Claxton: Not so far as I know.

Mr. Green: Were they bought by the Minister of Defence Production?

Mr. Howe: Yes.

Mr. Claxton: Yes.

The Chairman: Shall we pass on to the next heading?

Mr. Hansell: Before we pass from the air force estimates may I ask the minister whether it is expected that the air force will be so extended that further training schools will be needed? If so, where is it expected

that these air training schools will be built or reopened? The minister knows that in the past there have been quite a number of air training schools in southern Alberta. Just as soon as some little activity takes place in some of these localities people come to me and ask whether this or that school is to be reopened. Rumours get around.

I think I asked the minister a similar question a little while ago. I have particular reference to the air training school at Vulcan, Alberta and the one at Macleod, two schools that were quite active during the war. They are now almost closed and partially dismantled, but the one at Claresholm has been opened and is, I understand, doing very good work. Is it expected that the air force will be expanded to such an extent that it will require the reopening of any of these other schools?

Mr. Claxton: We do not expect to be opening any additional schools. The one at Moose Jaw and the one at Penhold will be opened next month, I understand, and that will complete the requirement to meet our estimated need.

Mr. MacLean (Queens): I have a couple of questions that are somewhat related to the last one. The first is this. Are some of the schools that have been functioning at full capacity being closed down in the near future? I have in mind especially two air navigation schools. Will both of these continue to function, as well as the central navigation school?

My second question relates to buildings on stations which are now open. From time to time new buildings are erected on certain stations, of necessity, and I was wondering whether there are some stations where buildings of a permanent nature are erected that were opened during the war, and are there other stations where only temporary buildings are erected with the idea that these second-class stations are on a temporary basis and might be closed down at any time? Is there any division along that line as to possible permanency of stations which are now functioning, and which were built during the war as temporary establishment stations?

Mr. Claxton: The only change which I think the hon. member's question refers to is the transfer of the navigation school from Summerside to Winnipeg. That is being done for the purpose of bringing together two schools, because we can meet the needs of both at Winnipeg. The need for training navigators is being met progressively, and we can handle the job both for ourselves and for the NATO countries at Winnipeg. However, the air station at Summerside will continue to be operated on at least its present level through the transfer of the operational training unit for maritime reconnaissance from Greenwood to Summerside, so the facilities at Summerside will be fully used.

With regard to the second question, wherever it is possible we renovate old buildings, where that is profitable. Where it is not profitable, then if we need a building we replace it with either a class I or II or a class III building.

Mr. MacLean (Queens): With regard to the reconnaissance maritime squadron, a coastal type of squadron, what action is being taken, if any, that the minister might explain to the committee with regard to replacing their present Lancaster aircraft?

Mr. Claxton: I did mention that the other night. These Lancasters are converted for this purpose because there was no aircraft particularly suited for this purpose in this or any other country. To meet our needs the Lancaster as converted was the most suitable aircraft. Of course they will be gradually used up and worn out, and we are looking around for a new type of aircraft to replace the Lancaster. So far we have made no decision about it. That replacement will begin about 1956 or 1957.

The Chairman: Shall we pass on to defence research and development?

Mr. Nickle: I should like to ask the minister some questions concerning the northwest staging operations. When we compare the estimates for the current year with the estimates of last year there seems to be a change-over in the nature of the work, or a change in the emphasis on the nature of the operations on the northwest staging route. There appear to be a number of reductions in some items which are not in keeping with the increases in other items for the northwest staging route.

For example, in pay and allowances for military personnel there has been a reduction of approximately 20 per cent when compared with last year. There also appears to be a substantial reduction in the number of civilian personnel engaged in that operation. There is an increase of about 75 per cent in the appropriation for gasoline, fuel oil and lubricants, which would appear to indicate some substantial increase in the operation of aircraft on the northwest staging route. At the same time there is a reduction in the item under fuel for heating, cooking and power generating units. There is an increase of 375 per cent in the item for the acquisition and construction of buildings and works.

Then getting down to the smaller items I see that three for which there was provision last year are eliminated from the list this

year. There is another small item of postage with which, presumably, typists and stenographers would have some connection. I notice that the item for postage is increased to the extent of 150 per cent.

Would the minister give us some explanation of the nature of the operation of the northwest staging route this year as compared with last year, as to why in some instances there are increases and in others decreases, which do not appear quite consistent.

Mr. Claxton: The hon. member is correct in his assumption that there has been a considerable change in the functioning of the northwest staging route. Owing to the increase in the range of the aircraft flying from Edmonton to Alaska, the operations of the various stations on the route have been substantially reduced. There is a consequential reduction in staff and activities. They are being maintained at the lowest possible figure to keep the route open. Then the amount for postage was increased because the amount set aside last year was quite inadequate. As I have said, the other operations have been reduced.

Mr. Nickle: Would the minister explain the item of $705,000 for the acquisition and construction of buildings and works. This, as I have said, represents an increase of about 375 per cent over last year.

Mr. Claxton: This is entirely accounted for by an addition at Whitehorse, valued at $565,000, for the mechanical engineering section, including a drill hall, renovation of and putting cubicles in the barracks block, some work carried over in connection with the storage building and barracks block, and some other items.

Mr. Nickle: I see here an item of $1,090,000 for fuel for heating, cooking and power generating units. This represents about a sixth of the total amount to be voted for the northwest staging route. In view of the high percentage to be voted for fuel, would the minister give us some indication of how fuel costs, which of course would be high in the remote northwest, compare with fuel costs for heating and cooking in other parts of Canada.

Mr. Claxton: This represents a reduction from last year, when the figure stood at $1,443,520. The reduction this year is due to the reduction to which I referred in my remarks a moment ago. As the hon. member knows, the cost of fuel in that area is very much higher than it is in other parts of Canada. It is very cold there, and a large amount of fuel is used for heating and cooking.

[Mr. Nickle.]

Mr. Higgins: Before passing the item for search and rescue I should like to take this opportunity to pay tribute to the unit stationed at Torbay, St. John's, Newfoundland. The men of the unit have done and are doing wonderful work not only in mercy flights but in various other activities. This has gone on for some years. The first name that comes to my mind in connection with the original unit is that of Flight Lieutenant Mike Pearson. The present pilot, I believe, is Flight Lieutenant Carl Ensom. Under great difficulties they have evacuated many sick people from various isolated settlements and under trying conditions, at risk of their lives. The last item about which I remember reading was in connection with the recent ice blockade of St. John's harbour, upon which occasion a number of ships were caught in the ice. The search and rescue unit, headed by Flight Lieutenant Carl Ensom, dropped food and other items to the trapped ships.

This gets me down to a further point. They have been greatly assisted in their work by the coastguard service of the United States, stationed at Argentia. The other evening the hon. member for Comox-Alberni asked the minister about the situation in connection with the setting up of a coastguard service. I do feel that something definite should be done. My recollection is that about a year and a half ago an interdepartmental committee was set up to study the situation and make a report. Whether that report has been made, I cannot say. I was absent from the house for a period of time, and the report may have been made while I was away. However, I do not seem to recollect any decision in the matter.

As the work of search and rescue is being done under this department, I feel it is only proper to urge upon the minister that some decision should be made in connection with the establishment of a coastguard service.

Mr. Claxton: I appreciate the hon. member's remarks about the search and rescue operations, which, I agree, have been admirable. I might point out that the coastguard service concerns a number of government departments. I said a word about it the other evening.

Replying to a question by the hon. member for Calgary East, I would say that the amount spent in the last three years on aircraft and engines has been $682,500,000.

Mr. Harkness: That figure does not include the $165 million the minister mentioned before?

Mr. Claxton: That is right.

Mr. Harkness: Can the minister give a breakdown of the $682,500,000?

Mr. Claxton: I have not that information; no.

Mr. Harkness: Before we leave these defence items, I believe there are two other questions outstanding which the associate minister was going to answer. One was with reference to the number of deserters, and the other concerned the contract for the removal of ashes at Petawawa.

Mr. Campney: I have no further information on either point, but the search is still continuing. I will see that the hon. member receives an answer.

Mr. Harkness: When am I going to get it? If we close out the defence estimates now I am sure I will not have an opportunity to get these answers.

Mr. Fournier (Hull): Oh, yes.

The Chairman: We still have several items.

Mr. Harkness: The items remaining will go through rapidly, because they concern smaller matters.

An hon. Member: I hope you are right.

Mr. Harkness: The minister says he will produce the information, but if we pass all the national defence items I will have no opportunity to say anything more.

Mr. Campney: It would take some time to check the figures on deserters; and so far as the other matter is concerned, I have not been able to figure out the cubic footage of the pile of ashes to which my hon. friend referred.

Mr. Macdonnell (Greenwood): How about my photographs?

Mr. Harkness: I know the minister will need some time with his foot rule to get the figure for the pile of ashes.

Mr. Claxton: We will give you the figures.

Mr. Harkness: I would suggest that we leave the last of the defence items—

Mr. Claxton: No.

Mr. Harkness: —so the minister can answer these questions when he gets the answers. There are also certain other questions which have not been answered.

Mutual aid—

Mr. Knowles: I should like to ask the minister a question under this general group headed "mutual aid". My question may involve two or three of the headings that we have just passed, but at any rate they all go together. Can the minister tell the house the form in which we extend mutual aid? I note from the item before us that we are asked to appropriate $324 million for mutual aid but it is broken down into the usual items of civil salaries and wages, pay and allowances, pensions, other expenditures and so on. Perhaps the minister knows what I am driving at. In what form do we render mutual aid?

When he is answering that question, will he relate what we spend on mutual aid to the last two headings, namely contributions toward the military costs of NATO and defence expenditures by other government departments? Can he give us this picture in an intelligible form?

Mr. Claxton: I think it is in the white paper at page 33. The figures are given there. When the hon. member refers to items like civil salaries and wages, those are largely in connection with the air training plan where we charge the direct costs to mutual aid. The mutual aid program includes NATO air training plan, radar No. 4 sets, walkie-talkies and so on. These are the heads under which expenditures are made on mutual aid.

With respect to the second part of the hon. member's question, the form of mutual aid is summarized on page 33. It includes transfers of stock of existing equipment and some equipment of world war II that has subsequently been taken into our own stores. Then there are transfers from new production under which are aircraft and engines, radar sets and ammunition. Then there is NATO air crew training, and the total is set forth there. I think I have given the actual items before. They largely consist of world war II equipment for three divisions plus what we have transferred to the Netherlands, Italy and other countries. With respect to new equipment, it includes radar, walkie-talkies, howitzers, ammunition, explosives, Wasp engines, communications materials, propellants and so on. The program for 1953-54 will in addition include some ships.

Mr. Knowles: Then am I correct in my understanding that what we spend on mutual aid is spent either here in Canada or by procurements made by Canada in the usual way? We spend it on hiring technical aid, buying equipment and so on and then we either turn that equipment over to our partners or we make it available to the common pool. Is that a correct statement?

Mr. Claxton: The procedure under which we do it is that we arrive at a figure which we propose to give by way of mutual aid and we ask parliament to vote it. Parliament votes it. Before that is done we have made

up a catalogue of things that we think the other countries need and that we can provide. As soon as parliament authorizes the vote we offer specific items of equipment to the standing group at Washington. The standing group notifies the North Atlantic treaty nations about them. They bid for them; they ask for them if they want them. The standing group arrives at an appraisal, judgment or recommendation as to which country should get the equipment. It makes that recommendation to us. We usually act on it. Then the cabinet approves the allocation of the equipment and it is shipped at once.

In the case of some equipment which countries like Britain, for example, happen to need particularly, they may make a direct approach to us but we still go through the form of telling the standing group about it and getting their approval in each case. That occurred in the case of aircraft, some propellants and other things. The only item of dollars that has so far entered into this has been that where we agree to pay towards infrastructure a larger proportion than that arrived at on the basis of capacity to pay as judged by national income, we then charge the excess over what we think is the right proportion on the capacity to pay basis to mutual aid. That accounts for probably two or three million dollars.

Mr. Knowles: I gather from what the minister has been saying that he has been describing the procedure with respect to the item we are on, namely mutual aid. What is the procedure with regard to the last two items which we passed over? I deliberately let them go because it seemed to me they were related to this one. I refer to contributions toward the military costs of NATO and defence expenditures by other government departments.

Mr. Claxton: Contributions to the military costs of NATO are set out at page 34 of the white paper. They include contributions to the military budget of SHAPE of $1,750,000, infrastructure $15,150,000, and accommodation, etc. $3,700,000, a total of $20,600,000 for the year 1953-54 compared with $27,500,000 for 1952-53.

Mr. Knowles: None of this can be regarded as coming under the heading of economic aid? This is only what is known as mutual aid?

Mr. Claxton: Perhaps the supply of some explosives and other materials which are not end items could be called economic aid, but they are quite minor.

Mr. Macdonnell (Greenwood): Why are pay and allowances for distribution of the same amount of money almost twice as much as last year?

Mr. Claxton: Because the air training plan will be working at full peak.

Item agreed to.

246. Government's contribution to the permanent services pension account, $35,252,291.

Mr. Harkness: I have no question on 246 but I suggest, as I did earlier, that it stand so we might get the answers to the questions which have not been answered and to which the minister has agreed to produce answers.

The Chairman: The hon. member will realize that unless there is unanimous consent the item cannot stand.

Mr. Macdonnell (Greenwood): I wish to make exactly the same point. I had some questions this afternoon which were held over and to which I expect to get answers. The hon. member for Calgary East is right when he says that if these are allowed to go through then our rights are all gone. I think it is a reasonable concession; otherwise the only alternative we have is to go ahead.

Mr. Harkness: I would point out that the ordinary procedure in the years since I have been a member of the house is that when the minister concerned, no matter for what department, did not have the answer the item was allowed to stand until he did produce an answer. That is the ordinary procedure we have followed.

The Chairman: Not necessarily. Sometimes a minister has given members an undertaking. It is up to the minister to devise the procedure, but as far as the rules are concerned I could quote Beauchesne's third edition and the citation which says that when the committee of supply has a resolution before it, it has either to vote for it or vote against it, and if it is allowed to stand that is by consent. I imagine that the matter can be settled amicably.

Mr. Pearkes: Might I ask the chairman if there are any supplementary estimates for this department? If so, perhaps we can get the answers when we are dealing with them.

Mr. Claxton: Yes, we will have supplementaries.

Mr. Harkness: On the understanding that we will get the answers to the questions on the supplementary estimates I am quite agreeable to let this go through.

Item agreed to.

Mr. Claxton: I appreciate that. I think there are only three questions, and we will try to get the answers long before the supplementaries come on.

Before we close I would like to make two brief announcements with the permission of the committee, if I may, because I feel certain that members would rather have them here than learn about them later; and they are rather important.

The first relates to the provision of transportation for the dependents of service personnel in England and Europe. We had hoped that by the principle of rotation it might be possible to rotate married personnel so they would only be separated from their wives and children for a year. Despite that, however, a number have taken their wives and children overseas without government assistance, and it is now proposed that regulations shall be introduced under which the ordinary rules regarding postings shall be applied if the commanding officer of the unit is satisfied that a service officer or man has secured proper accommodation for his wife and family. Transportation will be paid and they will be treated as married persons abroad on the condition that the posting is for a minimum of two years. This will be of major importance to the welfare of our troops abroad.

The second change which was just authorized by the cabinet yesterday is a change in the arrangements regarding subsistence under which the amount payable for subsistence to married personnel in the armed forces is increased substantially. This was done also to meet the condition that has arisen in consequence of having these large peacetime forces with frequent postings, some of them abroad, and the fact that we have not yet been able to provide everyone who wants them with married quarters. The details of these changes are worked out in a schedule that will be made public at once. Both of them are very much to the advantage of the service personnel.

Mr. Knowles: Could that schedule be placed on *Hansard*?

Mr. Claxton: I hardly think that desirable. It is being made available at once. We do not usually place schedules of that kind on *Hansard*, but I will include it in the revision of the white paper.

I might say in conclusion that the associate minister and I have appreciated the co-operative spirit of the committee.

Some hon. Members: Hear, hear.

DEPARTMENT OF TRADE AND COMMERCE

General administration—

426. Departmental administration, $588,333.

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Chairman, in previous years I have used this opportunity to make a statement about economic conditions in Canada and about the efforts being made by the Department of Trade and Commerce to maintain and expand Canada's trade with the outside world. To some extent both have already been covered by my colleague the Minister of Finance, in his budget speech; and during the budget debate I gave an account of my trip to Latin America.

It seems to me that hon. members should have before them when they consider the estimates of my department a brief account of what has been happening under the economic and trade policies followed by the government. The simplest way I can describe the present economic situation in Canada is to say that at no time in the past have Canadians been more prosperous. In spite of the predictions of recessions and depressions that were made from time to time the fact is that the pace of Canadian production has rarely faltered since the end of the war. Our country has attracted the attention of the world because of its economic stability and rapid development.

Of course it has not all been smooth sailing. There have been times when shortage of key materials interfered with the attainment of maximum output. There have been times when loss of external markets caused distress to some producers. But in the end most of these difficulties proved to be limited in their scope or of relatively short duration. New records of national output were attained from year to year.

At the beginning of 1952, for example, there were many uncertainties. On the one hand, some industries were handicapped by lack of materials arising out of the demands of the defence program. At the same time other industries, particularly those producing consumer goods, were operating well below capacity. The outbreak of foot-and-mouth disease cut off exports of our livestock and meat to the United States.

During the course of 1952 the Canadian economy adjusted itself to the defence effort and achieved balance at a high level of activity. The establishment of new capacity in raw material producing industries helped to eliminate shortages of key materials such as steel and cement. Internationally, the supply situation improved to the point where it became possible to get along without international allocation of most essential materials. Just a few scarce materials remain under international allocation.

Here in Canada consumer buying gradually increased during the year and gave a substantial boost to employment in the industries producing both hard and soft goods. In the

final quarter of 1952, for example, about 14 per cent more goods passed over retail counters than in the same quarter of 1951.

To show the extent of the improvement let me particularize for a moment. Comparing the latter part of 1952 with the same period of 1951, production levels were running about 20 per cent higher in the case of motor vehicles; 67 per cent higher in the case of refrigerators; 92 per cent in the case of washing machines; and 135 per cent in the case of electric stoves. And now we have a new television industry which sold about 75,000 units from the factories in the fourth quarter of 1952.

The suspension of consumer credit regulations and the removal of special excise taxes in the budget of 1952 helped to stimulate consumer buying. Those restrictions had been essential at an earlier period, and they were taken off as soon as they were no longer needed. But the more important reason for the upturn in consumption was the steady increase in personal incomes and the levelling off and decline in consumer prices. The statisticians tell me that during 1952 the per capita average real income of wage and salary earners increased by about 9 per cent, a 7 per cent increase in money incomes and a 2 per cent drop in consumer prices. There was also some reduction in the rate of personal saving, that is a higher proportion of incomes was spent rather than saved in 1952 compared with 1951, which added still further to consumer buying.

By the end of 1952 most of the soft spots previously in evidence had disappeared, although a few others developed during the year. A reduced demand for wood pulp brought about a reduced pulpwood cut this season. The winter shutdown affected a large amount of construction work under way in outlying areas. On the whole, however, market forces are in good balance and, with few exceptions Canadian industries are working at close to capacity.

As a result total output, the gross national production, reached $23 billion, compared with $21·4 billion in 1951. The physical change, after eliminating the effect of prices, was about a 6 per cent increase. Even after excluding the effects of the phenomenal crops harvested on the prairies, the increase compared favourably with that achieved in any previous post-war years. It was a year of notable progress in standards of living for the Canadian people. But it was also a year devoted to the development of our resources and to the building up of capacity to make possible an even higher standard of living in the future. Capital investment absorbed no less than 22 per cent of our national output.

[Mr. Howe.]

So great indeed has been the rate of capital investment in post-war years that many people have wondered how long it could continue. Yet each year when we survey the intentions of businessmen and public bodies we find that they are planning to spend more on capital account than they did the year before. This year is no exception. There is every reason to believe that investment outlays will show a further significant increase in 1953.

During the past two years an increased proportion of capital outlays has been directed toward expansion in industries of particular importance to Canada's over-all preparedness such as mineral and hydro developments, strategic raw material processing and new plants for the production of defence and other heavy equipment. While this expansion of basic industry is still proceeding, some of the major programs undertaken within the last two or three years are well on their way to completion. For example, expenditures for new capacity in the steel and chemical industries is expected to be lower in 1953 than in the preceding year.

The substantial development taking place is certain to involve extensive supplementary investment in services and other related fields. In view of the limited resources available in 1951 and 1952 much of this secondary expansion has been delayed. This postponement was encouraged by government measures specifically designed to make way for more urgent projects. Meanwhile, productive capacity in building materials industries has been increasing and in addition supplies from abroad have become more readily available. The deferred depreciation measure, restrictions on the use of steel for construction, and other measures designed to discourage less essential investment have therefore been removed. There are now indications that outlays for housing, trade establishments and so forth will be considerably increased in 1953.

In total it is now estimated that the 1953 capital expenditure program will involve outlays of $5·4 billion compared with $5·1 billion expended last year. This estimate is based for the most part on a recent survey of the investment intentions of business, institutions and governments. Some weeks ago I tabled two reports which give details of these forecasts.

If investment plans for 1953 are realized, this will be the sixth consecutive year in which capital outlays have reached more than 20 per cent of total national production. Some upturn in capital expenditure following the establishment of the new rearmament

objectives was to have been expected. However, as I have previously indicated, we have now made a good deal of progress in adjusting to these new goals. For capital outlays still to be increasing substantiates the view that Canada's present expansion is not based on temporary boom conditions. It is not a flash in the pan. Instead, it reflects the growing diversity and adaptability of Canada's industry and the capacity to produce economically an increasing proportion of the world's requirements.

It is important to note that whereas much of the investment spending made in the immediate post-war years was for replacement needs, a much larger proportion of today's investment represents new additions to capacity, based on the expectation of adequate markets for many years to come. Future markets can never, of course, be fully assured. Canadian industries remain vulnerable to dislocating influences, particularly from abroad, and future growth will depend to a very large extent upon continued progress toward sound and vigorous world trade.

Now let me turn to the record of Canada's external trade. Exports continued to advance last year. They amounted in total in 1952 to $4·4 billion, an increase of $400 million over 1951, the previous highest year. The total value of imports in 1952 remained at about the same level as the year before.

Each time in recent years that I have reported further advances in our exports, I have been asked whether we are really selling larger quantities of goods or whether the increased values may not simply reflect higher prices. In 1952 the volume of exports increased by even more than their total value. Export prices actually declined during the year, although not by any more than 1 or 2 per cent on the average. Since 1950 the total value of our exports has risen by about 39 per cent and the physical volume by 23 per cent, a remarkable and sustained record. Of course not all exports have fared equally well during this period. There have been some real difficulties in the export of manufactured goods, although this has been more than made up by strong demand in the domestic market.

As I have said, livestock producers experienced a major setback in 1952 owing to the outbreak of foot-and-mouth disease. The ban on exports to the United States has now been lifted and normal trade is being resumed. In the meantime, many adverse effects of the meat surplus situation have been avoided by the use of price supports and by special arrangements made to deal with surplus stocks.

On the other hand, grain producers have benefited from a record crop accompanied by a strong world market for their product. In the present crop year we expect to export all the wheat that can be handled by our transportation and storage facilities. The continuing world-wide demand for our major export products and the relative stability of our export prices provide evidence of the basic strength of Canada's position in world trade. This strength has been created in large part by sound policies, and it has buoyed us up during a period when many other countries have suffered setbacks. By wise though sometimes unpopular measures we have succeeded in avoiding most of the damage that inflation has inflicted upon the trade of many other countries, which is one reason our dollar is so strong.

During 1952 major downward adjustments occurred in the prices of many of the basic commodities and foodstuffs which move in world trade. Price declines of as much as one-third or one-half were quite common in 1952. As examples of commodities thus affected I might mention rubber, tin, cotton and wool. Canadian importers and consumers have benefited from these reduced prices. On the average, the prices of imports fell by 12 per cent during 1952. Our exports, with a few notable exceptions such as lead, zinc and lumber, have been relatively exempt from drastic price adjustments, which is evidence in itself of the demand which exists for our goods.

Two or three years ago there began to be a good deal of concern expressed that too large a proportion of our exports were being marketed in the United States. The totals were satisfactory but perhaps we were getting too many of our export eggs in one basket. As Minister of Trade and Commerce I stated on a number of occasions that this situation was mainly a reflection of the financial difficulties through which the sterling area countries and western European countries were passing. There has at no time been any lack of desire in overseas countries to obtain Canadian goods.

In my view we have been fortunate in Canada, during this period, to have the great markets of the United States open and receptive to our goods. We have certainly taken advantage of our opportunities in that direction, and Canadian exports to the United States have risen to a level of $2·3 billion.

During these years the government has done everything possible to encourage and assist the recovery of our exports to those countries overseas which are our traditional customers. I am pleased to say that almost all of the $400 million increase which took place

in our exports in 1952 went to countries overseas. Very little of the increase took place in exports to the United States, where we just about maintained our position last year and even improved it a little bit. Consequently the percentage of our exports going to the United States has declined steadily, which I am sure all hon. members will agree is a healthy sign. In 1950, 65 per cent of our total exports went to the United States; in 1951 the figure was down to 59 per cent and in 1952 it was down to 54 per cent. Our efforts to diversify our exports have been paying off.

It has been encouraging to see the way in which the trade and financial position of the United Kingdom has improved in recent months. Such improvement is a good thing for Canada from every point of view. Canada participated fully in the recent commonwealth economic conference, as hon. members are aware. We may be greatly encouraged also by the increasing amount of international agreement about what needs to be done to solve the trade and financial problems of the sterling area and western Europe. Many of the countries concerned are showing signs of moving in the right direction.

In our attempts to overcome barriers to trade we have not by any means as yet had all the success we would wish for, particularly in regard to the British countries. Many of our manufactured goods are still excluded from overseas markets because of import restrictions. Nevertheless, in 1952 the value, quantity and proportion of our exports to British countries did increase and for the first time their value amounted to over $1 billion. Greater shipments of wheat and metals to the United Kingdom account for most of this increase.

Canadian imports from the United Kingdom were relatively low in the first few months of 1952 but have been increasing lately with the upsurge in consumer buying in this country. I am glad to see that the United Kingdom have been able to increase their sales to us of many types of machinery and that their sales to the United States are increasing. It has been said before, but it bears repeating, that there is a large and continuing market in this country for many goods which the United Kingdom can supply in greater quantities.

We have substantially improved our sales to Europe, Latin America and other foreign countries overseas. The total of these exports increased by $240 million to just short of $1 billion. Germany has increased its Canadian purchases substantially so that it is now the second largest European market for our products. Here again wheat accounted for much of the increase. Most other European countries are now buying more Canadian goods, including Belgium, our largest European market.

In Asia the most notable increases took place in our exports to Japan. Sales to Japan rose to the point where they were in excess of $100 million in 1952. From the Canadian point of view the increasing importance of the Japanese market has become more and more apparent in each recent year.

In Latin America also we have expanded our sales. Whereas in Europe we are largely selling raw materials, in Latin America manufactured goods constitute a much greater proportion of the total. Exports of such essential manufactures as trucks, machinery and electrical equipment to Latin America have all increased. As I have already reported to the house, there is no doubt that there are great possibilities for further sales in Latin America of manufactured goods of all kinds. To make the most of these opportunities it is necessary for Canadian businessmen to make personal contacts. There is lots of competition, but the opportunities are very real.

Canada and the United States continue to be each other's best customers. This extensive trade is both a cause and a result of the cordial commercial relations which have been developed over the years. Both countries have fostered the development of trade, across our joint borders and with the world at large. Both Canada and the United States have attempted as much as possible to solve numerous trade problems, not by restrictive measures but by reducing trade barriers and expanding the opportunities to trade. With the recent change of administration in the United States government, I feel confident and hopeful that problems of commercial relations between Canada and the United States can continue to be dealt with along these lines.

This is not to say that there have been no problems or differences between Canada and the United States. At every appropriate opportunity the government has made clear to the government of the United States that basic principles are being infringed by the imposition of import controls upon dairy products in the United States. We have made clear, furthermore, the importance we attach to the passage of customs simplification legislation in the United States, to facilitate trade and to fulfil the agreements which were entered into at Geneva in 1947.

Negotiations of profound importance for the future of trade and commercial policy will have to be conducted during 1953. Consideration will have to be given by the major

trading countries to the future of the international program which has been established under the general agreement on tariffs and trade. Canada and the United States have helped themselves and the world as a whole through the negotiation of extensive trade agreements, before the war in 1935 and 1938, and since the war under GATT at Geneva in 1947 and at Torquay in 1951. The unprecedented flow of trade between Canada and the United States today is conducted in accordance with the general agreement on tariffs and trade.

Since the tariff undertakings of the general agreement on tariffs and trade are firmly bound only until the end of 1953, decisions will have to be made amongst the countries concerned as to what further steps to take to safeguard the future of international trade. There may be a further opportunity to take steps forward in the reduction of tariffs and the elimination of trade restrictions, as an alternative to moving in the other direction. The interest of Canada in this matter is perfectly clear, because we require other markets to be open to our goods on an expanding scale.

The role of the United States will be a crucial one and, as always in such circumstances, I am sure that constructive American leadership will not be lacking when it is needed.

Over the years Canada has become one of the world's most important trading nations, and our standing in that respect has never been higher than it is today. That this is so is due primarily to the capacity and enterprise of the Canadian people and to the extent and variety of the resources which they have at their command. Government policies, too, have played an important role, and I wish to refer briefly to some of the trade promotional activities of the Department of Trade and Commerce, particularly to the work of the trade commissioner service which is well known to many of you in a general way.

This is both an old and a new service. Its origins go back to the very early days of the department, but it was not until the period immediately following world war I that it was built up and organized on such a scale as to give Canada a really competent trade service in most of the world's principal commercial centres. During the ten or twelve years following world war I the extension of this service was carried out in a vigorous way. In fact Canada, by reason of circumstances which were peculiar to our national development, reversed the usual order of events. We were more or less compelled to equip ourselves with strong and world-wide trade representation before we had made more than a modest start on the establishment of our political or diplomatic foreign service. It was Canada's rapid commercial growth that accounted for this marked departure from the ordinary sequence of events.

Our first venture into foreign representation on a large scale having been dictated chiefly by our urgent commercial needs, it was natural that special attention should be given, and was given, to developing a service that would be as efficient as we could make it from the trade promotion standpoint. The recruits to this service were selected and trained entirely with that object in view.

The young men who came into the trade commissioner service did so with a commercial career in mind. Emphasis was laid upon their having some business experience to start with, on top of which they were put through a thorough course of training before being posted abroad. Great importance was attached to having them gain a firsthand knowledge of Canada's major export industries by actual visits to plants in all parts of the country and by becoming personally acquainted with the export managers and other business executives through whom their subsequent work abroad could be made most effective. That close contact between the trade commissioners and businessmen throughout Canada has been responsible, more than any other factor, for building up the reputation of our trade commissioner service and the good will which it has enjoyed in business circles for many years past.

That reputation is not just local, for I believe it is widely recognized that Canada's commercial representation abroad is not excelled by that of any other country. We intend to keep it that way, and it is a matter for congratulation that whatever administration has been in office in Canada at any time during the past 30 or 40 years, there has never been any difference of policy, or of practice either, in regard to the importance of seeing to it that we support and maintain this service on a most efficient basis.

It is, as I have said, both an old and a new service—new in the sense that at the close of world war II we had a pressing problem to deal with in reopening offices abroad that had been closed and in finding personnel to man these as well as a number of new offices which have had to be established during the past seven or eight years. In fact we have virtually had to re-create the trade commissioner service, but we have now reached the stage where we can truthfully

say that it is not only back on its feet but in better shape than ever.

Three new offices were opened during 1952 at New Orleans, Ciudad Trujillo and Beirut. These offices will serve territories which we have reason to believe will afford good opportunities for the expansion of Canada's exports. We now have 51 offices in 40 countries, manned by 102 trade commissioners and assistant trade commissioners. I take particular satisfaction in pointing out that during the course of rebuilding this service we have paid great attention to the need for men whose training has been specialized along the lines of promoting the exports of agricultural and fisheries products.

Coupled with this greater degree of specialization, we now have the advantage of a foreign commercial service in which there is a much improved balance as between the older and more experienced personnel and the younger group who, in another few years, will be stepping up into the senior positions.

Apart from the trade commissioner service there are, of course, other divisions of the department, centred here at Ottawa, that are responsible for carrying on important trade promotional activities, notably the international trade relations division, which is concerned especially with trade agreements and trade negotiations with other countries, and the commodities division, whose officers provide an essential link between the business community at home and the trade commissioners abroad.

May I close with a word regarding the Canadian international trade fair. This fair has been held annually since its inception in 1948. The 1952 fair was, we believe, the most successful that has been held to date, although in point of size it still fell somewhat short of the opening fair in 1948. We are now well advanced in the preparations for the 1953 fair, to be held this coming June, and I am glad to be able to state that this will be, without exception, much the largest fair that we have had yet. Moreover it will have, on the exhibit side, a good division between the amounts of exhibit space taken respectively by Canadian firms and by firms from other countries. Exhibit space for the 1953 fair is now at a premium. We have reached the stage at which, from the standpoint of improving the fair as a business undertaking, we are having to give at least as much attention to building up the attendance of bona fide business visitors as to the attracting of either Canadian or foreign exhibitors. This Canadian trade fair has already won wide recognition abroad, and I think we can safely say that its success represents one of the outstanding advances made by Canada in many years in the field of international trade promotion.

[Mr. Howe.]

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): On Monday we shall consider legislation. Most of the bills on the order paper are amending bills, and many of the amendments are of a minor nature.

Some hon. Members: Oh, oh.

Mr. Fournier (Hull): That is true. As far as possible we shall proceed in the following order: Bill No. 191, to amend the Canada Shipping Act, 1934; Bill No. 37, to amend the Indian Act; Bill No. 337, to amend the Radio Act; Bill No. 190, to amend the Canadian Citizenship Act; Bill No. 335, to amend the Veterans Benefit Act, 1951; Bill No. 336, to provide assistance for the higher education of children of certain deceased members of the armed forces and other persons; Bill No. 332, respecting the Canadian forces; Bill No. 48, respecting food, drugs, cosmetics and therapeutic devices; Bill No. 316, relating to trade marks and unfair competition. I understand this bill will be referred to the committee on banking and commerce. Should we be fortunate enough to pass these bills, we shall move to go into supply.

Mr. Knowles: What departments would you call if you got in?

Mr. Fournier (Hull): Finance and legislation.

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

The following items were passed in committee of supply:

DEPARTMENT OF NATIONAL DEFENCE

Defence services—

241. To provide for the Canadian forces, the defence research board and other expenditures relating to defence, including contributions toward the military costs of the North Atlantic Treaty Organization; to authorize expenditures in the current year out of the amount hereby provided, not exceeding $324,000,000, under the provisions of section 3 of the Defence Appropriation Act, 1950, and to provide that, notwithstanding subsection 3 of that section, where equipment or supplies acquired by the Canadian forces after March 31, 1950, are transferred, the estimated present value thereof shall, if the governor in council so directs, be credited to this vote instead of being paid into the special account mentioned in the said subsection 3, and when so credited may be expended for the purposes of the Canadian forces; and notwithstanding section 30 of the Financial Administration Act to authorize total commitments for the foregoing purposes of $3,994,895,578 regardless of the year in which such commitments will come in course of payment (of which it is estimated that $1,971,926,275 will come due for payment in future years), $1,960,159,633.

General services—

242. Grants to military associations, institutes and others, as detailed in the estimates, $227,325.

243. War museum, $22,878.

Pensions and other benefits—

244. Civil pensions, as detailed in the estimates, $2,977.

245. To authorize in respect of members of the Royal Canadian Air Force on leave without pay and serving as instructors with civilian training organizations operating under the British commonwealth air training plan who were killed, payment to their dependents of amounts equal to the amounts such dependents would have received under the Pension Act, as amended, had such service as instructors been military service in the armed forces of Canada, less the value of any benefits received by such dependents under insurance contracts which were effected on the lives of such members of the Royal Canadian Air Force by or at the expense of the civilian organizations, $3,396.

Defence Services Pension Act—

246. Government's contribution to the permanent services pension account, $35,252,291.

APPENDIX

Letter to Secretary, National Council of Canada Prisoners of War

OTTAWA, March 10, 1953

Major G. T. Prefontaine,
Secretary, National Council of Canada
Prisoners of War,
3721 Henri Julien Street,
Montreal, P.Q.

Dear Major Prefontaine:

Following on the meeting of your group with the Hon. Mr. Lapointe, representing the Prime Minister, your representations regarding compensation to prisoners of war on account of maltreatment were examined by the government, and I now have to inform you of their conclusions.

While your proposals were considered as sympathetically as possible, it is not felt that you have adduced any arguments which require the government to modify its previously announced decision, that is, to put into effect the recommendations made by the Right Hon. J. L. Ilsley, the commissioner on war claims.

The proposition which your group advanced is that, as the prisoners of war who were interned in Japanese camps in the Far East have been paid compensation at a per diem rate, similar payments should also be made to those who were prisoners of war in German and Italian camps, as it is your contention that all of the latter group suffered maltreatment.

It is the view of the commissioner, in which the government concurs, that there was a substantial difference in the treatment of prisoners of war by the Japanese on the one hand and by the Germans and Italians on the other hand. However, the relatively few prisoners who were held in custody by the gestapo and other organizations declared illegal at Nuremberg are to be treated the same as those in Japanese operated camps.

The commissioner's reasons for arriving at this conclusion in regard to Japanese controlled camps are set forth in detail on pages 41 and 49 of his report, and seem to the government to be valid. On page 50 of the report he gives evidence from the "British Hand Book" to the effect that conditions in the German and Italian camps were not such as to support any presumption of general maltreatment.

The British government, by paying a small lump sum grant to those who were interned by the Japanese, and by not doing so to those who were interned by the Germans and Italians, has acted in conformity with the finding that conditions in the two theatres were vastly different. This finding is confirmed by the following facts which are on record as a result of the post-war experience of the Department of Veterans Affairs and the Canadian pension commission with prisoners of war from both theatres.

As for the Far Eastern prisoners of war, their food was so limited that nearly all who survived showed clinical evidence of avitaminosis while in camp. A high percentage had also clinical evidence of dysentery, etc. Roughly 20 per cent of all Far Eastern prisoners of war suffered permanent damage as the result of avitaminosis. Autopsies on a number of deceased Far Eastern prisoners of war who had certain symptoms but no physical signs of disability proved that they suffered from avitaminosis. Records of the rehabilitation and welfare services branches of the D.V.A. show that a high percentage of survivors have had occupational difficulties and impaired general health.

On the other hand, as regards European prisoners of war, there is no record of any avitaminosis occurring while in camp, or discovered subsequent to liberation. While there is evidence of intestinal infestation (dysentery, etc.) it is much lower than among the Far Eastern prisoners of war. In the summer of 1946 instructions were issued that all prisoners of war were to have a complete physical examination including an X-ray of their chest and any other indicated special examinations. There have been no indications as a result of these examinations or subsequent surveys that any considerable number of prisoners of war in the European theatre suffered impairment.

Canadian army statistics of death from non-battle causes, while prisoners of war in the two theatres, are, however, probably more decisive than any other evidence. In the campaigns in Italy, Sicily, and North West Europe and in the Dieppe operations some 4,005 unwounded prisoners of war were taken, and of these only 37 died from non-battle casualties while prisoners of war—a death rate of less than one in a hundred.

In Hong Kong, however, 1,289 unwounded prisoners of war were taken; of these 264 died of non-battle causes or a death rate of approximately one in five. These figures speak for themselves, indicating the difference in conditions in prisoner of war camps in the Far East and in Europe.

Your group advanced arguments that all prisoners of war in German and Italian camps suffered more or less from poor shelter, interruption of mail, the fear of death and various indignities. It is not felt that any concrete evidence has been offered to offset the conclusions of the commissioner, and that in any case hardships of that kind cannot be said to entitle those who have suffered them to receive a payment which would be denied to the front-line soldier who is in greater danger of death and at the same time frequently suffers equal or greater hardships.

It was represented that individual prisoners of war would have considerable difficulty in proving maltreatment through lack of evidence, and lack of facility in expression. In order to eliminate any unfairness on this score, the government decided to make the services of the pensions advocates of the Department of Veterans Affairs available to any prisoner of war who may wish to make a claim in respect of maltreatment. These officials will be well able to obtain the available evidence and advocate the claims effectively. A considerable number of former prisoners of war have already taken advantage of these facilities, and it is hoped that all who feel that they have a claim for compensation for maltreatment will do so.

In conclusion I am instructed to say, that after most careful and sympathetic consideration, the government feels that the proposals for settling the claims to compensation of prisoners of war laid down by the commissioner and set forth in the report dated 25th February 1952, are essentially sound and equitable, and that any prisoner of war, having a valid claim for maltreatment, will be able to obtain the compensation to which he is entitled.

Yours sincerely,

F. GORDON BRADLEY,
Secretary of State.

68108 258½

HOUSE OF COMMONS

Monday, April 20, 1953

The house met at eleven o'clock.

HOUSE OF COMMONS

PRESENCE OF DISTINGUISHED VISITOR IN GALLERY—THE CROWN PRINCE OF JAPAN

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I think all hon. members would wish me to mention at this time that we are honoured today by the presence in the diplomatic gallery of His Imperial Highness the Crown Prince of Japan. I am sure we are all unanimous in wishing to extend to him a most warm welcome on this occasion. His Imperial Highness is visiting Canada on his way to London to attend the coronation of our own beloved sovereign Queen Elizabeth. The devoted affection we all have for our own sovereign makes it quite easy for us to understand the high regard in which his illustrious father and the imperial family are held by the people of Japan.

His Imperial Majesty the Emperor of Japan is a symbol of his state, and of course the history of the relations between Japan and the western world was darkened by heavy shadows during the tragic years of war. But that is now something of the past. I think that the presence here of His Imperial Highness the Crown Prince, and the important mission on which he is engaged at this time, is a happy confirmation of the fact that those tragic years were of short duration and were, in fact, repugnant to the intimate feelings of all the peoples of the nations who were engaged in war during those tragic years. This mission of His Imperial Highness is a happy omen of better relations between our peoples, and of a more effective and keener desire in all our countries to work together for the welfare of the whole free human race.

We are most happy to welcome His Royal Highness and to say to him that we hope he is enjoying, and will enjoy, his visit throughout Canada, and that he will take back to his country the knowledge that there is a genuine good will towards his country in this land of ours which, like his own, borders on this great highway of the Pacific ocean which has been, and will continue to be, a highway for the maintenance of political, economic and trade relationships that will be mutually beneficial to our two peoples.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I am happy to join with the Prime Minister (Mr. St. Laurent) in extending a hearty welcome to the Crown Prince of Japan who in himself here today expresses the similarity between our own monarchical system and that which he represents. As the Prime Minister has already said, the relationship between our respective nations has had its unhappy period. It would also be well to remember that we had an earlier period of alliance in which our relationship was warm and friendly. It is part of the genius of our free system, which is now represented in the parliamentary system of Japan as well as that of Canada, that out of conflict we seek friendship in the years afterwards.

I would hope that the visit on this occasion of His Imperial Highness to this country may emphasize in the minds of the people of his own nation as well as of ours that, with the lessons of the tragic years still clearly in our minds, we are seeking to build stronger understandings of the value of freedom.

We recognize the great achievements of a nation which has reached a proud position in the world as a producer of goods of high quality. We recognize the industry of the people of Japan. We recognize their loyalty to their own traditions. In extending this welcome today to His Imperial Highness, who is part of the system of democratic monarchy which has been established in Japan, we earnestly hope that during the future these nations may come closer together in striving for great achievements along the paths of peace.

WHEAT

TABLING OF REVISED INTERNATIONAL WHEAT AGREEMENT

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I wish to lay on the table two copies of an agreement revising and renewing the international wheat agreement. This is, of course, the document signed on behalf of Canada in Washington on April 13. Printed copies of this agreement cannot be made available until after the period of signing ends a week

hence. I would therefore suggest that the agreement be printed in *Votes and Proceedings* for the information of hon. members.

I may say at this time that all the exporting countries have signed the agreement and that more than 50 per cent of the wheat, by quantity, included in the agreement has been signed for by the importers. Therefore there definitely will be a wheat agreement over the next three years.

QUESTIONS

MERCHANT SHIPS OWNED BY CANADIANS

Mr. Higgins:

1. What is the total number of merchant ships owned by Canadians?
2. How many seamen are employed in manning these ships?

Mr. Benidickson:

1. 391, with an additional 96 on United Kingdom registry, and manned by United Kingdom crews.

2. 18,231. The number of seamen employed in manning the 96 ships on United Kingdom registry is not known.

NAVIGATION AIDS, NEWFOUNDLAND

Mr. Higgins:

Has a decision been made to give Newfoundland priority in the rehabilitation and modernization of aids to navigation?

Mr. Benidickson: No. Since union, the department's annual program for the Newfoundland district has been a substantial one, the work has been prosecuted as rapidly as was practicable and creditable progress has been made in overtaking the very substantial amount of rehabilitation work that has to be done in that district. That policy will be continued.

NORTHWEST TERRITORIES POWER COMMISSION

Mr. Diefenbaker:

1. How many men are employed by the Northwest Territories power commission, Snare river, Northwest Territories?
2. Are they entitled to holidays with pay after a period of service? If so, has consideration been given to placing them in the same position as power-house operators, linemen and other employees?
3. Is payment made to them for overtime? If so, what is the rate for overtime?
4. What arrangements are made for providing moving picture shows and other entertainment?
5. Who operates the moving picture shows and what is the price of admission?

Mr. Winters:

1. Eleven.

2. Employees paid on a monthly basis receive holidays with pay after a period of service. Employees paid on an hourly rate basis do not receive holidays with pay.

[Mr. Howe.]

3. Overtime is paid to the power-house operators and hourly rate employees where they are required to work longer than the standard working day. Overtime pay is paid at the same rate as their normal pay.

4. Films are rented by the Northwest Territories power commission and shipped to the Snare river plant at the expense of the commission. A new program is supplied weekly.

5. The films mentioned in question 4 are shown on the projector owned by the Northwest Territories power commission at Snare river which is operated by the members of the staff. There is no price of admission.

IMMIGRANTS SETTLING IN NOVA SCOTIA

Mr. Balcom:

1. Of all immigrants entering Canada in 1952, how many settled in Nova Scotia?
2. What percentage of Canadian immigration in 1952 would this represent?

Mr. Harris:

1. 2,702 immigrants gave Nova Scotia as their destination.

2. 1·7 per cent.

ITALIAN IMMIGRANTS

Mr. Balcom:

How many Italians were admitted to Canada in (a) 1951; (b) 1952?

Mr. Harris: (a) 24,532; (b) 21,554; these statistics are by racial origin.

POST OFFICE BUILDING, WINNIPEG

Mr. Sinnott:

1. Are plans and specifications completed for the new post office building in Winnipeg, Manitoba?
2. If not, when are plans and specifications to be completed?
3. What is to be the type of construction?
4. Is Tybdall stone to be used or specified?
5. Have tenders been called for construction?
6. If not, at what date are tenders expected to be called?

He said: Mr. Speaker, I notice a typographical error in part 4 of this question. It should read "Tyndall", which stone is similar to that used in this building.

Mr. Fournier (Hull): Stand.

QUESTION PASSED AS ORDER FOR RETURN

PRIME MINISTER'S RESIDENCE

Mr. Hodgson:

1. What was the original cost of the Sussex street property purchased as a residence for the prime minister?
2. How much has been spent to date in repairing, rebuilding and furnishing the properties?
3. How much has been spent to date on lawns, hedges, parapet wall, etc.?
4. How much has been paid to date in salaries and other expenses for domestic and other help?

5. What is the total government cost of the project from the date of its purchase to the 31st of March, 1953?

MOTION FOR PAPERS

CANADA-NEWFOUNDLAND—ITEM 39 OF TERMS OF UNION

Mr. Higgins:

For a copy of all correspondence, letters, telegrams and other documents since 31st of March, 1949, which have passed between the government of the province of Newfoundland and/or any person or persons in Newfoundland and the government of Canada, dealing with the application of term 39 of the terms of union between Canada and Newfoundland.

He said: Mr. Speaker, I should like to ask the consent of the house to delete the words "and/or any person or persons in Newfoundland". I do that following discussion with the Secretary of State (Mr. Bradley).

Mr. Bradley: In this connection, Mr. Speaker, I should like to add also that the motion would have to go, as far as we are concerned, subject to obtaining the consent of the provincial government for the production of these documents.

Mr. Speaker: Does the motion carry subject to the remarks which have been made by the hon. member for St. John's East (Mr. Higgins) and also by the minister?

Some hon. Members: Agreed.

Mr. Speaker: Carried.

FISHERIES

CONVENTION FOR PRESERVATION OF HALIBUT FISHERY OF NORTH PACIFIC OCEAN AND BERING SEA

Hon. James Sinclair (Minister of Fisheries) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to introduce a measure to approve and confirm the convention between Canada and the United States of America for the preservation of the halibut fishery of the northern Pacific ocean and Bering sea, signed by Canada and the United States of America in Ottawa, on the 2nd of March, 1953, and to provide for the carrying out of the provisions thereof.

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

Motion agreed to.

Inquiries of the Ministry

CANADIAN NATIONAL RAILWAYS

POLICY AS TO COAL PURCHASED IN NOVA SCOTIA

On the orders of the day:

Mr. Clarence Gillis (Cape Breton South): May I be permitted to direct a question to the Minister of Transport. Has the minister seen a press dispatch from Ottawa in the Halifax *Chronicle-Herald* of April 17, captioned: "Plan to work out allocated purchase system with C.N.R." If so, can the minister inform the house as to the details of the new policy of the C.N.R. to purchase Nova Scotia coal?

Hon. Lionel Chevrier (Minister of Transport): The hon. member was kind enough to send me a copy of the Halifax *Chronicle-Herald* which I read a few moments ago. He will recall that during the sittings of the committee on railways and shipping the hon. member for Pictou (Mr. McCulloch) and himself raised this question, which prompted a statement by the president of the Canadian National Railways. Since then the dominion coal board has decided to conduct a survey on the on-company's service charges of the Canadian National Railways in conjunction with an officer of the economics branch of the transport commissioners' office; and, dependent upon the result of that survey, it may well be that the policy of the Canadian National Railways with reference to purchase of coal will change somewhat. Meanwhile, the Canadian National Railways are purchasing from the mine referred to here—I think it is the Intercolonial Coal Company—additional quantities of coal.

INQUIRIES FOR RETURNS

TENDERS FOR SUPPLIES—APPROVED LISTS

On the orders of the day:

Mr. E. D. Fulton (Kamloops): May I inquire of the Secretary of State when I may expect the tabling of a return for which I made previous inquiries which was ordered on February 11? May I also ask whether his attention has been directed to citation 450 of Beauchesne's Parliamentary Rules and Forms, second edition? If not, I take the liberty of referring him to it now in that connection.

Hon. F. G. Bradley (Secretary of State): I shall take immediate steps to secure the production of this return as soon as possible.

RECREATIONAL BUILDING, H.M.C.S. "NADEN"; HOUSING—CONSTRUCTION AND FINANCE

Mr. Angus MacInnis (Vancouver East): May I ask when I may have a reply to questions

that were passed as orders for returns on March 9 and on March 19?

GRAIN

INQUIRY AS TO INITIAL PRICE FOR WHEAT, BARLEY AND OATS

On the orders of the day:

Mr. H. R. Argue (Assiniboia): May I direct to the Minister of Trade and Commerce a question based on the importance to farmers of knowing the initial price that will be set for this year in order that they may allocate their crop acreage? Can the minister say what initial price will be set for wheat, barley and oats produced this year? If he is unable to do that at this time, can he say when such an announcement will be made?

Right Hon. C. D. Howe (Minister of Trade and Commerce): I am not able to make an announcement at this time. The matter is under study, but there are several difficulties this year which must be taken into consideration. As a matter of fact, it is not customary to make an announcement as early as this—it has not been in the past years—but at some indefinite date, when we have been able to analyse the various factors, an announcement will be made.

Mr. Argue: I may point out to the minister the announcement was made last year on April 8.

TELEVISION

INQUIRY AS TO INSTALLATION OF SET IN ROOM 16, HOUSE OF COMMONS

On the orders of the day:

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, I should like to address a question to you, through the Minister of Public Works. I have sent him a copy. When may the members expect to have a television set placed in Room 16? Is the minister aware that there are several reasons, which I will not elaborate on at this time, why one should be there?

Hon. Alphonse Fournier (Minister of Public Works): Mr. Speaker, I am pleased to transmit to you the question that was asked by the hon. gentleman. Everything taking place in this building is under the jurisdiction of Mr. Speaker, and I am only the liaison officer between Mr. Speaker and the government. We have not discussed this question as yet, and I have not discussed it with my colleagues. It would be interesting to have a television set, but I have always thought that we would have the installation completed in Ottawa before we would consider that. As to the other reasons that I know, I will await another question.

CONSTRUCTION

REFERENCE TO ANNOUNCEMENT OF PARLIAMENTARY ASSISTANT TO MINISTER OF FINANCE TO REFORM CLUB, QUEBEC

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister. In view of the announcement made over the week end by the parliamentary assistant to the Minister of Finance at a meeting of the Reform Club in Quebec concerning plans which he said the government has for housing, public works and other developments, will the Prime Minister say whether these plans are included in a white paper or other document? If so, will such document be tabled?

Right Hon. L. S. St. Laurent (Prime Minister): I was not present when the parliamentary assistant to the Minister of Finance was supposed to have made the declarations referred to by my hon. friend and I have not even seen newspaper reports of what he said. I shall have to get further information than what has been conveyed or implied in the hon. member's question before I attempt to answer it.

Mr. Knowles: See the Montreal *Star* of Saturday evening.

CANADA SHIPPING ACT

AMENDMENTS RESPECTING STEAM AND MOTOR ENGINEER CERTIFICATES, RADIOTELEGRAPH INSTALLATIONS, ETC.

Hon. Lionel Chevrier (Minister of Transport) moved that the house go into committee to consider Bill No. 191, to amend the Canada Shipping Act, 1934.

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

The Chairman: May I point out that this bill has been carefully considered by the committee on railways, canals and telegraph lines, and was reported to this house with amendments.

On section 1.

Mr. Green: This bill was amended rather extensively in the standing committee on railways, canals and telegraph lines. I wonder whether the parliamentary assistant is going to give any explanation of these amendments.

Mr. Benidickson: The amendments, as the hon. member for Vancouver-Quadra says, are somewhat extensive. They appear in *Votes*

and Proceedings of March 31, but there is no controversy, as I understand it, in connection with the clause that is now before us.

The committee heard representatives and counsel of the shipping industry, and in particular the British Columbia Tug Boat Association, the British Columbia Coastwise Operators' Association, counsel and representatives of the Dominion Marine Association and some of the individual shipping companies.

The major amendments that were made in committee had to do with radiotelephone equipment. As the bill was originally drafted, it was suggested that radiotelegraph should be compulsory in vessels of the sizes described in the bill. In committee the officials of the Department of Transport indicated that, provided there was adequate radiotelephone equipment, it was their intention to provide exemptions from the telegraph requirements up to certain limits and in certain waters if radiotelephone was carried. The industry made representations that practically all vessels of the size we were concerned with, particularly on the west coast plying in coastal waters, were now equipped with radiotelephone equipment. It was therefore suggested that although radiotelephone equipment up to now had been provided by them on a voluntary basis, instead of requiring them to come and seek exemptions for this large number of vessels we should make radiotelephone equipment mandatory, and then have a higher tonnage limit for the requirement of radiotelegraphy. That I think in essence is the nature of the amendments that were made in committee. The amendments were made after legal and other officers of the Department of Transport consulted with counsel for the shipping companies, and I think that, with the exception of the continuing insistence upon the original radiotelegraph stipulations in the bill in respect of passenger vessels, counsel for the shipping industry and all members of the committee were satisfied with the amendments made.

Mr. Green: Mr. Chairman, I could not hear everything the parliamentary assistant said, but I gathered he went a little far in his statements concerning the use of the radiotelephone. As the bill was originally drawn it provided for the installation of wireless equipment, and extended that requirement right down to the tugs on the west coast used to tow booms of logs.

When the committee sat, representatives of the west coast tow-boat industry protested a provision under which they would have to carry on their tugs wireless operators and wireless equipment. I believe they had a just ground for complaint on that score. As the parliamentary assistant knows, in the final analysis their tugs were exempted from such provision and, instead, were placed under the provision covering ships on the great lakes and the upper St. Lawrence, in respect of which the primary requirement is the provision of the radiotelephone as distinct from the wireless.

I would not want the impression to get abroad however that the amendments to the Canada Shipping Act have eased up the requirements on passenger vessels to carry wireless operators and equipment. For some time there has been a campaign on the part of ship owners to have the wireless replaced by radiotelephone, the latter being operated by one or other of the ship's officers. There has also been a tendency on our coast to have the wireless operators carry on other work. For example, they might act as pursers or as freight checkers, or in some other capacities.

There is no doubt it was the desire of the shipping companies to reduce so far as possible the number of passenger ships on which wireless operators would have to be carried. As the act will stand when these amendments go through, the primary requirement for a passenger vessel will be the carrying of a wireless operator, and exemptions will be granted only at the discretion of the Department of Transport.

I believe that is the way the law should stand—in other words that wireless operators should be carried unless the Department of Transport sees fit to exempt any vessel, or to exempt certain trips. I hope the department will be most careful in granting such exemptions. Let the officials of the department remember that, in the final analysis, if lives are lost on either of our coasts because of a relaxing of regulations, the responsibility will rest squarely with the department.

We have heard the suggestion, for example, that it should not be necessary to carry wireless operators on passenger vessels plying between Vancouver and Victoria. Some of those ships carry as many as two thousand passengers; and while the radiotelephone may be ample protection in ninety-nine cases out of a hundred, there may very well come the hundredth case when, because of there being no wireless operator on a vessel, a good many hundred lives might be lost.

Because of the international convention it is necessary for those ships to carry wireless operators between Vancouver or Victoria and Seattle. But it is suggested that, while they

have to do that, perhaps the shipping companies could be freed from the obligation of carrying wireless operators between Vancouver and Victoria. I do not believe the department should make any such exemption.

There is the further suggestion that there need not be wireless operators on passenger vessels, so long as they are in the waters between Vancouver island and the mainland. It is admitted that once a ship gets beyond the northern tip of Vancouver island wireless operators should be required. The companies are suggesting however that they should not have to carry such operators between Vancouver and the northern tip of Vancouver island. Let me remind the committee that Ripple rock lies in that inside passage between Vancouver island and the mainland, and that it represents one of the greatest marine hazards on the west coast. I am afraid that some day there will be a terrible wreck because of that rock. In any event there should be no relaxation such as has been suggested. Wireless operators should be required on that trip up to the northern end of Vancouver island just as they are required in the waters lying to the north of the island.

I would point out that last summer there was a very serious wreck on our coast when the *Princess Kathleen* ran aground and was lost. Fortunately no lives were lost; but the vessel, the flagship of the Canadian Pacific Railway fleet, was a total loss. I understand that at the time of the accident the radiotelephone was of no use. I am told by responsible men that the radiotelephone on the *Princess Kathleen* was not able to do the job it was expected to do. Apparently nothing was sent out over the wireless because of orders to that effect by the captain.

Certainly the radiotelephone is a great help; but the time has not yet come when it can be relied upon exclusively and the wireless dispensed with or the wireless operator given other work to do. Let me point out again that responsibility for any undue relaxation in the terms of the Canada Shipping Act will rest with the Department of Transport, and I would hope that the department would be most careful in granting exemptions.

Mr. MacInnis: Mr. Chairman, I could not hear all of the explanation made by the parliamentary assistant. However, it is my understanding that certain modifications or amendments have been made in the bill as it was before it went to the committee. He said also that these changes or modifications were acceptable to the owners and I believe to the officers of the Department of Transport.

[Mr. Green.]

In that connection may I ask if representatives of the personnel on the ships appeared before the committee, and did they agree to these modifications? This matter has been discussed by the personnel and crews of ships and sailing vessels for a long long time. I have had much correspondence from and many interviews with representatives of those who sail the ships. They are the people who are concerned because they are the ones most likely to lose their lives in case of accident.

I can well understand that the owners would approach this question, not with the idea of saving lives but with the idea of saving dollars. They could very well agree with the modifications, but are those modifications acceptable to the crews who sail these vessels and who are likely to lose their lives in case of accident at sea? I think we have been most backward in enacting safety measures and certainly the time has arrived when we should make them the best possible.

I should like to refer also to the matter mentioned by the hon. member for Vancouver-Quadra, that is that the personnel in charge of radiotelegraph and radiotelephone equipment should be full-time employees and should not be asked to carry out any other work. Unless they are full-time employees the possibility is that they may not be on hand to receive a particular message and certainly would not be there at all times to see that the equipment was kept in proper condition so that it functioned at all times.

I am apprehensive of the effects of these modifications. I imagine that all I can do at this stage is to express the hope that the Department of Transport will be most careful about granting exemptions in this matter. We have had some serious marine accidents in different parts of this country during the last few years. When regulations were proposed by the Department of Transport in an effort to prevent such accidents in the future I supported the Minister of Transport as strongly as I could. I felt that if we are going to put the onus on the minister to provide safety regulations at sea he should be supported in doing that by members of this house. I do hope that the lives of the crews on these ships and the lives of the passengers who may be involved were taken into consideration, as well as the cost of the installations.

Mr. Benidickson: Probably I should reply at this point to the hon. member for Vancouver East and assure him that while there have been some modifications of the proposed amendments in the committee, actually the

bill as it comes before us from the committee is a considerable advance over the present law. There has been no relaxation in the case of passenger vessels from the intent in the bill as drafted originally. The evidence given in the committee was that most cargo vessels of over 500 tons were voluntarily carrying radiotelephone equipment. This bill makes it mandatory so that these safety measures are considerably advanced from the law as it has been up to now.

Mr. Stuart (Charlotte): Mr. Chairman, I should like to take a few minutes to deal with one or two matters which are of great interest to those who sail the waters of the bay of Fundy. There would seem to be some difference of opinion between members on the east coast and on the west coast with regard to the value of radiotelephones. I think I can say without any fear of contradiction that on the Atlantic coast and in the bay of Fundy area the radiotelephone is considered to be one of the greatest advantages that the fishermen, the boatmen, and all those who go down to the sea in ships have ever had in so far as the protection of their ships is concerned.

To the best of my knowledge and belief there are only two steamships plying the waters of the bay of Fundy, one being the *Princess Helene,* which plies between Saint John and Digby and—

Mr. Benidickson: Two passenger steamships?

Mr. Stuart (Charlotte): —the *Grand Manan III,* which plies between Grand Manan and Saint John. Of necessity these ships are furnished with telegraphic equipment, but if anything should happen to one of these ships there would be only one other ship in the area which could pick up the message. If anything happened to the *Grand Manan III,* the only ship in the bay of Fundy that would by able to pick up the message would be the *Princess Helene,* and vice versa.

Mr. Benidickson: Or a large cargo vessel.

Mr. Stuart (Charlotte): There are no large cargo vessels in that area. I would point out that 90 per cent of the boats that ply these waters are equipped with radiotelephones. Another great advantage in the use of this type of equipment is that anyone can operate a radiotelephone whereas it takes a trained operator to operate the telegraphic equipment. For that reason I would submit that radiotelephone equipment is necessary in the bay of Fundy area. I would think that the installation of telegraphic equipment in the boats I have mentioned would be a step backward rather than a step forward. There would be much more protection afforded by the use of radiotelephones because of the greater number of boats that could pick up a message. It would take an enormous amount of the responsibility off the shoulders of those who operate these boats if they knew that they could get in touch with their home offices or with other boats.

I would suggest also that criticism with regard to the equipment on passenger boats is always justified. I feel that these boats should have every type of equipment necessary for their proper protection. I do not want to give the impression that I am opposed to that, because I believe it is right. As has been pointed out by hon. members who have spoken previously, there have been a number of marine disasters in this country in the last few years, which fact clearly indicates that perhaps we should be more severe in enforcing the regulations.

There is one other matter I should like to bring to the attention of the parliamentary assistant. There seems to be some misunderstanding between the customs officials in some of the ports in Saint John and Charlotte counties and the officials of the Department of Justice. When this bill was in committee I was given to understand that no effort would be made to force small cargo boats to comply with all these regulations. The particular type of boat I have in mind is one on which there would be a master or skipper or captain and an engineer. These men realize the dangers that may be encountered and they have made provision for their own safety.

Recently a boat from Grand Manan island, whose skipper I know very well, came into Saint John, but when the captain went to get his clearance papers to return to Grand Manan he was told by the customs that they were unable to give them to him until he had got in touch with the steamboat inspector. As I said before, I believe that there is a very definite place for steamboat inspection, but I cannot think of any argument in favour of enforcing steamboat inspection in connection with fishing craft and small cargo boats that do not carry passengers. I would ask the parliamentary assistant and the officials of the department to give this matter their serious thought.

I have received a number of letters and telegrams about this matter, and I sent the minister a copy of one particular letter. So far as the equipment on his boat is concerned, he had fire extinguishers, he had a dory, which is considered to be a lifeboat, and he had covers for the dory to keep out

the winter weather. He had all the equipment that was necessary. When the inspector looked over the boat he suggested that he should have rails and wire cables for his protection. In the particular type of work that this man carries on it would be utterly impossible to have rails on the boat. It would be helpful in some cases but in the sardine industry it would be impossible to have rails and guards of the type that would satisfy the steamboat inspection service.

I ask the parliamentary assistant to go into this matter very carefully because I feel it would impose a hardship upon these men, who are finding it difficult to get along at this time. If they were forced to purchase, for their own protection, expensive equipment which they feel is not necessary, I believe it would be a step in the wrong direction. I support 100 per cent any regulation to protect the travelling public, but I really believe that fishing vessels and small cargo ships should be exempt from steamboat inspection.

Mr. Gibson: It is a pleasure to hear a seaman like the hon. member for Charlotte get up and take part in the discussion of the bill. I am also an old-time sailor. I admire the hon. member for Vancouver-Quadra greatly as a lawyer and for his common sense. I also admire the hon. member for Vancouver East, whose judgment I am sure is very good in a great many matters; but I think he went a little too far this morning when he suggested that the operators of steamboats were more concerned with the saving of dollars than the saving of lives. I am sure he meant it to be a fair comment but I think he would not care to repeat it after giving the matter due consideration. I do not think it is generally known that the whole concept of safety at sea has changed completely in the last ten years, as the hon. member for Charlotte said, with the installation of radiotelephones on hundreds and hundreds of vessels plying the waters on the Pacific coast. A new era has come into being so far as safety of life at sea is concerned.

I should like to offer to the parliamentary assistant another comment which I hope will be of value to his department. I must say that these amendments to the Canada Shipping Act were brought in with very little notice to the shipping industry on the Pacific coast. As a matter of fact there was almost a panic in the industry when those engaged in it finally learned what the contents of the bill were after it had been printed. When a bill of this kind is introduced in the other place and is passed by the gentlemen there it carries with it a certain stamp of approval, and one naturally considers that a body of that kind would give such a bill very mature consideration. But we find that it went through the other place with a minimum of discussion and examination and then came to the House of Commons. As hon. members who were on the committee all know, very substantial changes had to be made in the bill because as first presented to us it was ridiculous so far as the west coast industry is concerned. In making these comments, I do not wish to cast any reflection on the Department of Transport, but I hope they will make the gentlemen in the other place feel that when legislation is presented to them for the first time they should give it very careful examination before according it their stamp of approval.

Mr. Higgins: I want to support the hon. member for Charlotte with respect to one particular phase of the bill having to do with wireless telegraphy installations on ships operated by Canadian National Railways in the Newfoundland service. As the parliamentary assistant knows, these particular ships are left out of the descriptions in section 406 of the act. One description is ships carrying fifty or more persons and travelling more than 200 nautical miles, and the second is ships carrying 250 or more persons and going on a voyage.

Mr. Benidickson: Is not my hon. friend referring to the law prior to the proposed amendment?

Mr. Higgins: The amendment merely extends this particular section.

Mr. Benidickson: The hon. member is referring to passenger vessels?

Mr. Higgins: Passenger vessels. Unless there has been a change fairly recently, the situation is that the purser on the ship operates the wireless telegraphy system. I am thinking of voyages in particular between the mainland and Newfoundland, from North Sydney to Port aux Basques. The purser on that run takes care of the passengers and he has to take care of the manifests. In doing all that work he is a very busy man, and the result is that for quite a long time he is not able to be in the wireless room while the ship is actually en route. There are two factors with respect to that situation. The purser is not only seriously overworked, but I submit there is also a danger to the ship itself and possibly a danger to other ships that may be imperilled and cannot reach this particular ship for assistance.

I understand that there is a radar system on the ship, and although I am not certain I believe it is also operated by the purser. If he is not there to oversee the radar system, it is not of very much avail. I think that is correct but my information is not of recent date. The last time I remember discussing the matter was about a year and a half ago, and the situation then was as I have described it today. If that is the case today—and I presume it is—I suggest that there should be a separate wireless operator for the ship independent of the purser, and I am not certain that that should not apply to all Canadian National ships in the Newfoundland service. It may not be required on some voyages, but there are a number of long voyages running from St. John's to Labrador in the coastal route, and the purser is an extremely busy man at times. I submit that provision should be made to include the particular type of ships now used by Canadian National in the Newfoundland service.

Mr. MacInnis: I wish to say a word or two with respect to the remarks made by the hon. member for Comox-Alberni as I believe there was some contradiction in what he said. He said that it was a fair comment but one which I perhaps would not care to repeat. I do not see why anyone would not care to repeat a fair comment, and I think my remarks were fair comment. The fact of the matter is that the hon. member for Comox-Alberni and myself have been looking at the question from different sides. He has been looking at it from the side of the employer and I have been looking at it from the point of view of the workers. There is an easy way in which it can be proved which one of us is right. The records can be searched to find out who have been advocating safety measures and who have been opposing them. I will be quite willing to let my case rest there. With respect to the reasons for opposing safety measures, I shall leave that for the hon. member for Comox-Alberni to explain.

Mr. Gibson: I do not know whether the hon. member for Vancouver East is being as fair as I thought he would be. When it comes to ships I think he will agree that it is fair comment to say that he does not know his elbow from the anchor of a ship. He has a very extensive knowledge about many things, but so far as safety of life at sea and the operation of ships are concerned he knows extremely little. He has talked about getting the comments of those who are most competent to judge this matter. If he will discuss it with his fishermen friends as I have discussed it with mine and also with his sailor friends, he will find that so far as safety of life at sea is concerned the radiotelephone has made by far the greatest contribution to the welfare of those concerned and, incidentally, to their domestic happiness. I know that has only happened in the fishing industry in recent years. I might tell him that pilots going aboard ships not equipped with radiotelephones very often take a walkie-talkie telephone aboard so that they can make full use of the radar equipment on the ships. In many cases they found it much easier to get into the harbour of Vancouver if they were allowed to talk with the operator on the bridge concerning the traffic which might be coming through. So far as the member for Vancouver East is concerned, I ask him to please give me credit for perhaps not always looking at things from an economic angle. Incidentally, I do not happen to be operating any passenger ships now myself.

Mr. MacInnis: I did not take any credit from the member for Comox-Alberni. He was the one who started the discussion reflecting upon my fairness in the matter. Now, he does not like what I said. Well, he asked for it. So far as my lack of knowledge of ships is concerned, the hon. member can come to that conclusion if he likes. As I understand it, a person does not have to sail ships to know something about them, and if it comes to that I imagine my knowledge would be just as extensive as that of the member for Comox-Alberni.

In so far as the other matters he mentioned are concerned, they have nothing at all to do with what we are discussing. I am not denying that there have been some improvements. What we disagree about is, who urged those improvements; who advocated them and who opposed them?

The Chairman: Could we not get into a study of the different clauses? There are several amendments.

Mr. Green: There is one point I should like to make. I do not think anyone is questioning the value of radiotelephone. I realize it is used very extensively on the west coast, and it will be used on passenger vessels regardless of whether or not they are required by law to use it. The point I am trying to make, and I think the member for Vancouver East is also, is that we do not want the law which requires a wireless installation and a wireless operator interfered with. We are demanding that the Department of Transport see to it that this equipment, which is designed for saving lives, should not be discarded in favour of the radiotelephone; that is as far as it goes.

For example, the ships of all nations come into these ports, and they have crews that do not speak English. While the radiotelephone may be of great value to those people whose business lies mainly in coastal waters, the wireless is certainly of great value in so far as the ships of other nations are concerned. We do not wish that precaution for the saving of life to be interfered with under the Canada Shipping Act. The way the bill is drawn now, I think it will not be interfered with, provided the Department of Transport does not start issuing exemptions indiscriminately.

Section agreed to.

On section 2—*Other passenger steamships.*

Mr. Benidickson: In connection with section 2, I think I should point out that there appears to be a typographical error in *Votes and Proceedings* of March 31, in the report of the committee, because it says that,

Clause 2 is amended by deleting subsection (5) of subclause (1) and inserting therefor the following:

This should read subsection (3) rather than (5).

Section agreed to.

Sections 3 to 12 inclusive agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: When shall this bill be read a third time? Shall it be read a third time now by leave?

Mr. Knowles: You do not need leave; second reading was given on a previous day.

Mr. Deputy Speaker: Perhaps I do because of the amendments. It is understood that this bill had second reading some time ago, but because of the amendments I am not too sure that the hon. member is right when he says that I could have third reading today without having leave.

Mr. Knowles: We do not need to argue the point; we will give you leave.

Mr. Harris (for Mr. Chevrier) moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

INDIAN ACT

AMENDMENTS RESPECTING LOANS, SEIZURE OF GOODS, ETC.

The house resumed, from Monday, April 13, consideration in committee of Bill No. 37, to amend the Indian Act—Mr. Harris—Mr. Beaudoin in the chair.

[Mr. Green.]

On section 1—*Loans to Indians.*

Mr. Harkness: Is the minister going to make a statement in connection with this bill?

Mr. Harris: Mr. Chairman, the amendments are quite simple and can be explained very briefly. Section 1 has to do with adding to the powers of the department the power to grant loans to Indians for the clearing of lands, an authority which the department does not have at the moment and thinks we should have in order to encourage the Indians to break up the lands and put them into production.

Section 2 has to do with adding a section number, that is 92, to the section which gives authority to seize goods which are illegally taken from the reserve. This was a typographical error on our part in not having this section mentioned in the bill which went through the house two years ago.

Section 3 has to do with another legal difficulty. I think I explained to the committee when we amended the bill two years ago that, in some cases, we had found that orders in council had not been passed by the governor in council as required according to a decision of the supreme court at that time, validating the surrender and sale of land. The amendments in the bill at that time provided for the conditions which are now in subsection (a) of section 124. At the time we overlooked the fact that there were still some sales of land which had been made some time before but which were only evidenced by agreements for sale, that is the money had not yet been fully paid, and when the letters patent would be granted eventually they would not be covered by subsection (a). Subsection (b) is, therefore, added in order to validate these sales which may take effect from time to time when the final payments are made and the letters patent granted.

Mr. Harkness: So far as any improvement in the welfare of the Indians is concerned, I think the first of these clauses is the most important. I am very glad that loans will now be available to the Indians for breaking up the land. As a matter of fact, I should like to see the department handling loans to Indians for farm purposes undertake a more vigorous program which would enable the Indians to make a better livelihood. So far as I can make out, that has not been done in the past.

I am informed that a large number of Indians have had difficulty in getting loans for the purpose of buying machinery and other things which would enable them to

carry on farm operations more efficiently and thus make a better living. I would ask the minister at this time how many loans are now in effect under this particular section of the Indian Act, that is for agriculture and other allied purposes.

Mr. Harris: Mr. Chairman, I am not in a position to give that information. I had expected to do that on my estimates. I might say, however, that I discovered last year the situation which my hon. friend mentioned, namely that the revolving fund which we had voted for the purpose of making loans was not in use to the extent I had expected it to be. My recollection of the figures is that not much more than half of the amount voted was in use. I explained to the officials of the Indian affairs branch that parliament intended that money to be used if the circumstances were at all justifiable and that if the security looked to be reasonable they need not necessarily look for the last ounce of security in order to aid an Indian. Since that time there has been a liberalization of the terms on which loans are made. However, if my hon. friend would not mind, I would prefer to give the details on my estimates.

Mr. Harkness: That is agreeable, Mr. Chairman.

Mr. Fulton: There is a question or two which I should like to ask the minister. While there may be some reservations with regard to some of the amendments contained in the second section of the bill, on the whole I think there is no reason not to support this legislation and, as has already been said, to ask that it be further implemented. I should like to ask the minister whether he is aware of the situation which surrounds another bill, known as Bill Z, which was introduced in the Senate, which has been read the first time, and which received its first reading about the same time as did the bill we are now considering, and was ordered for second reading in the other house. I have not been able to find any record of its having been proceeded with further. If it were passed, I think it would undo a considerable amount of what the government has been trying to do, with the support of this house, in connection with the conditions of Indians. I should like to ask the minister whether he can advise the committee whether that bill has been proceeded with or whether it is anticipated that it will be proceeded with at this session. I hope it will not be proceeded with.

Mr. Harris: Mr. Chairman, that was a private bill introduced by one of the hon. members of the other house. I would have no control over its future except in so far as I might take a position on it here.

Mr. Fulton: It has not received second reading there, has it?

Mr. Harris: No.

Mr. Murray (Cariboo): In extending loans to the Indians, I wonder whether the minister would consider the encouragement of the credit union as a vehicle for carrying on this work? I notice a steady progress among the Indians in my part of the country, as a result of the great attention being paid to them by the minister and the officers of his department. In many cases we find them becoming quite self-supporting in agriculture in engaging in the cattle industry and the operation of saw mills and in the shipping of produce. There is at Pemberton in the adjoining riding a co-operative which is composed largely of Indians who grade and ship seed potatoes and do so very profitably. As I say, I know of groups of them working in the saw mill together successfully, manufacturing and delivering lumber and sharing the profit in the usual way. The way they could be encouraged would be to set up credit unions throughout the country where large sections of the population are Indian. They have a strong sense of responsibility. I think that it would be a step forward to initiate these credit unions and to encourage them to do their own banking and their own borrowing—always, of course, with the support and encouragement of the department.

Mr. Higgins: The last time I discussed Indians with the minister I think he informed me that the Indians in the province of Newfoundland were more or less being taken care of by the provincial government. I do not know whether that statement still applies or whether this act will have any application to them or not.

Mr. Harris: All we are doing with respect to the Indians of Newfoundland at the moment is to grant them welfare through the provincial government, and through the Department of National Health and Welfare certain action is being taken with respect to their health and the like. The situation is precisely as it was in each of the last three years that my hon. friend has asked me the same question.

Mr. Higgins: Will this bill apply to these Indians in Newfoundland or will it not?

Mr. Harris: My recollection is that the Indian Act, when proclaimed, was proclaimed for the whole of Canada with perhaps the exception of the mainland of Newfoundland; but I would have to check that matter in order to be sure.

Mr. Higgins: If that is so, there is only one suggestion I would make to the minister. It is that the term "fishing equipment" might not be sufficiently extensive to apply to sporting equipment such as canoes. If that is so, and if there is any doubt about it, I suggest that the words "sport fishing equipment" be used.

Mr. Fulford: Some years ago the Indians at the Caughnawaga reserve did me the great honour of initiating me into their tribe.

Some hon. Members: Hear, hear.

Mr. Fulford: Mr. Chairman, others have called me an Indian, but I now have just cause to be called one. The reason I rise at this time is this. These Iroquois Indians recently travelled to the capital of the state of Vermont to plead a case before the legislators of that state, and asking for moneys which they felt were owing them for a period of well over a century and a half. They have sent other missions down there and met with the same result, namely a decision which was not favourable to their claim. The reason I rise is this. I just wanted to explain to the minister that these Indians are a decent, God-fearing, energetic and hard-working group. They are one of the finest bands in Canada. Their village needs improvement. I was through it a few months ago. If they need money for further development I trust that, under this amendment to the act, it will be possible for them to have it made available.

Mr. Harkness: As far as loans authorized are concerned, the money in the revolving fund which has been used for loans has been fairly well confined to the purchase of livestock, machinery and things of that sort. I should like to ask the minister whether, by the addition of these words "for the clearing and breaking of land within reserves", it is meant that money will be available only for Indians to buy equipment to be used for that purpose, or whether the money can be borrowed and paid out to a contractor, whether white or Indian, who is in the business of clearing land.

Mr. Harris: It is sufficiently broad, so I am informed, to cover any form that clearing and breaking land might take. If an Indian, having had certain land allotted to him, desires to have it broken up and cleared and is not in a position to do it himself, we could lend him the money equivalent to the cost of having a contractor clear it.

Mr. Harkness: In other words, I understand that he can borrow the money from the revolving fund to pay a contractor for clearing that land?

Mr. Harris: Yes.

[Mr. Harris.]

Mr. Gibson: Has the minister with him any figure which would indicate how much money is on loan for fishing equipment for Indians, or would he prefer to answer that question on his estimates?

Mr. Harris: On the estimates.

Section agreed to.

On section 2—*Seizure of goods.*

Mr. Fulton: Will the minister tell us whether this amendment, which is indicated at the end of the clause at the bottom of the page, extends to permitting one of his officers mentioned in the section to make this search without a warrant? That is something which would be important, I think, particularly in so far as the right to make this search off the reserve is concerned. I think we need to give fairly sweeping powers to the peace officers in order to protect the Indians, but I just wonder whether we should go so far—as it seems to me this goes—as to give the right to enter and search on suspicion without a warrant off a reserve.

Mr. Harris: When the act was drafted three years ago, as my hon. friend knows, we discussed this particular section. It is clear that the superintendent and the peace officer should have all the authority which would be applicable in the case of an ordinary police officer. We also said at the time we hoped that it would not be necessary to authorize this authority off the reserve, since the ordinary police facilities would be available there, and that presumably there would be cases where the superintendent might conceivably follow a motorcar and the like, which was creating this offence, and might perhaps overtake it outside the reserve; that with these exceptions it would be expected that we would use the ordinary police facilities where they are available.

Mr. Shaw: I was going to raise the point that was raised by the hon. member for Kamloops. I am still a bit concerned about this section. It is proposed that any peace officer or a superintendent, or any person authorized by the minister, may enter, open and search any place or thing in or upon which he reasonably believes any such goods or chattels may be found. I have no objection to this authority being extended to the peace officer or the superintendent, but I am surprised that this authority should be extended to any person designated by the minister and to be exercised apparently anywhere. As far as the reservation itself is concerned, I have no objection to any officer of the department, we will say, employed upon that reservation doing whatever is necessary upon the reservation in order to

protect the Indians; but when you authorize any person whom the minister may designate to go into any place off that reservation and make a search, then I for one believe we are going too far. I have enough confidence in the peace officer and the superintendent to think that they can do the job without extending that further authority under this act.

Mr. Harris: Our difficulty is that there may not be a superintendent. Superintendents go on vacation and they are ill. Sometimes they are out of office, retired and may be out some time before another is appointed in their places. This is intended to cover an instance of that kind. I have no desire and no intention of appointing anyone who is not familiar with the work that he is bound to do. It is only to cover the cases where you have not a person designated under the section but who is performing the functions of that person that you can designate another person.

Mr. Shaw: It is a fact that a peace officer is always available. The R.C.M.P. have jurisdiction on the reservation and off. It occurs to me that while the superintendent himself may be away, some person upon the reservation, some authority associated with his department, would probably have the power to carry on in place of the superintendent on this kind of thing in places off the reservation. It occurs to me there will always be an officer of the R.C.M.P. available to conduct that search off the reservation. I for one am not satisfied that the power should be given to a person designated by the minister.

Mr. Harris: Let me add one word. As my hon. friend knows, the R.C.M.P. are often called to give some evidence in court and the like, and while I admit it is probably making a rather fine point, nevertheless we do believe that there are occasions when all the officers designated here will not be available. It is only in that case that we want to designate some other person, and it would be someone familiar with our work, and presumably a person in our employment, if at all possible, who would be clothed with this rather extraordinary power, which I am sure is not used very often in any event.

Mr. Knowles: Would the minister consider meeting the point by writing in a few words? It seems to me it could be met by adding after the word "minister" in line 18 the words: "when a peace officer or superintendent is not available".

Mr. Harris: I have no objection to doing that, Mr. Chairman, if my hon. friend realizes the difficulty we are trying to overcome. We are trying to overcome the difficulty of making a seizure of goods being taken illegally from the reserve. You must have persons available to take that action as quickly as possible. Therefore he is imposing upon me the obligation, or rather upon the department, the necessity of sending a wire to the minister from some remote part advising me that neither of these persons is available, and asking me to designate another person. And presumably after that time we may or may not be able to recover the goods. I would ordinarily follow this practice, anyway. The superintendent and the R.C.M.P. are clothed with the authority under the section. I would normally make a blanket authority, and in their absence the senior clerk grade III, or whatever it may be, in the reserve, would be able to perform this function under this section in their absence. Then it would be left to him to decide at that time in their absence what he should do. But I do not think there would be time for us to take the action he mentions and get the necessary results.

Mr. Knowles: It would be in their absence, but only in their absence.

Mr. Harris: I am quite agreeable to that.

Mr. MacInnis: What kind of document would the person making the seizure have so that he could be recognized as having been authorized by the minister to act in a case of this kind? In ordinary civilian life he must have a warrant issued by a court. Would he not need something to indicate that he was authorized by the minister, so that there would be no mistake in the matter?

Mr. Harris: That was just my point. I will sign an authority which will refer to this section saying that Mr. Jones is authorized, in the absence of so and so, to perform the functions of the superintendent, and in particular to be clothed with the authority under this section, and in every other way, and that remains in the custody of the superintendent and is there available at any time when the action needs to be taken. We do that under the Immigration Act. I sign authorities for immigration officers to perform certain functions under the act, and it is an authority which is kept in the local office.

Mr. MacInnis: Would that authority cover only one case, or would it be an authority for any case?

Mr. Harris: Any case under this section.

Mr. Fulton: Is the minister able to tell us whether it has been necessary to use this authority in the reserve yet?

Mr. Harris: No, I could not, but I will deal with it on the estimates.

Mr. Shaw: Would the minister object to an amendment to that section in line 2 so that, instead of referring to a person authorized by the minister, insert "in the employ of the Indian affairs branch", or something to that effect? I fully appreciate that the minister may be able to visualize a situation where the police may not be available and so on. But that just would not happen very often. The same argument could be advanced in connection with the ordinary administration of the law. We might say, every day a case may arise when a police officer may be out of town. Some offence is committed within a town, and by virtue of the absence of the police officer at that particular moment they were not able to arrest the guilty person and security was affected. It does seem to me that under this argument the minister is bringing forth an example which is not very strong. I still feel rather strongly about this authority being granted to anyone, and I would imagine that the minister would be a bit hesitant about taking that authority on himself.

Mr. Harris: May I point out that the hon. member was a member of the committee that revised the Indian Act, and I am quite prepared to say that he, and I think perhaps the hon. member for Kamloops, passed this section with that authority in it.

Mr. Shaw: I was not a member of the committee.

Mr. Harris: I thought the hon. member was.

Mr. Fulton: It is true we passed it, but it is now being extended, and it causes me concern. It is being extended to give the right to search.

Mr. Harris: We are extending it to the right to search.

Mr. Fulton: The right to search anybody's premises even off the reserve on the mere suspicion that there may be something there which has been stolen from the reserve, or even only used in the process of stealing from the reserve. It is not the answer to say that because we gave you authority in one place therefore we should be agreeable to the extension of the authority. It will make us more reluctant in future to give initial authority, if you follow that argument.

Mr. Harris: I follow that argument, but I think my hon. friend should realize that with the power to seize goods which are being used for illegal purposes must go the power to search, and it was through oversight in 1951 that we did not have that power in this section. I am bringing it forward for that purpose.

The arguments which have been used against the use of the words "or a person authorized by the minister" are arguments which were contemplated at the time. I believe if I went over the ground I could find cases in remote areas which would meet my hon. friend's point, when neither police nor superintendent is available, and when we want to have the power.

I think he will realize the minister does not want to give this extraordinary power to anyone who would be likely to discharge it in a manner which would bring about complaints concerning the work of the Indian affairs branch. However, he ought to realize that under the Indian Act, when one is dealing with Indians, and persons who come under the act, he must have all the powers which normally are attributable to police action.

Mr. Shaw: Had the last three lines been in that section two years ago I would not have supported it. I do not want to hold up the bill, but I must say that I do not like the section in the form in which it exists.

Section agreed to.

Section 3 agreed to.

The Chairman: Sections 4, 5 and 6 are to correspond with the sections that have been passed.

Sections 4, 5, 6 and 7 agreed to.

Bill reported, read the third time and passed.

RADIO ACT

AMENDMENTS TO DEFINITIONS, REMOVING LICENCE FEE, ETC.

Hon. W. E. Harris (for the Minister of Transport) moved the second reading of Bill No. 337, to amend the Radio Act, 1938.

Mr. W. M. Benidickson (Parliamentary Assistant to the Minister of Transport): Mr. Speaker, perhaps I should make a few remarks on second reading of the bill. The main purpose of course is to implement government policy as announced by the Minister of Finance (Mr. Abbott) in his budget speech with respect to the elimination of the licence fee for private radio receiving stations.

The Minister of Finance stated that the order in council setting the present licence fee of $2.50 would be revoked, effective from April 1. The Radio Act, under which this licence has been levied in the past, requires that all private receiving sets used for the reception of broadcasting must be licensed. So that if the licence fee is abolished it follows that there is need for an amending act.

Where radio receiving equipment is operated for commercial gain, such as commercial

subscription radio receiving systems where sound or television programs are received by a centralized apparatus and retransmitted to different receiving sets on a charge basis, it is considered that the operation of this type of station should be controlled and licensed. Provision therefore is made in the bill for licensing broadcasting receiving stations operated commercially for gain, with the licence fee to be fixed by the governor in council.

Provision is also made in the bill for the transfer to the Radio Act of a section that for some time has been in the Canadian Broadcasting Act, and was section 23 of that act. This section authorized the governor in council to make regulations prohibiting or regulating the use of any machinery, apparatus or equipment causing or liable to cause interference with radio reception. The house will recall that in 1951 section 23 of the Canadian Broadcasting Act containing these provisions was repealed, as it was recognized that the proper place for this provision was in the Radio Act.

However, it was provided that the repeal of the section would not come into force until proclaimed; and it has not been proclaimed until now because, until this time, it was not possible to transfer it to the Radio Act. Thus the amendment to the Radio Act covering the transfer of section 23. The scope of the section has been enlarged slightly to cover the sale as well as the use of any machinery, apparatus or equipment causing or liable to cause interference with radio reception.

There are regulations now in force which were made in 1941, under section 23 of the Canadian Broadcasting Act, for the purpose of controlling radio interference, and these regulations will be continued in force under the Radio Act.

The other amendments in the bill delete the references to private receiving stations where these references are no longer required in the act, by reason of the elimination of the licence fee for private receiving stations.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, this bill seems to be one which merits support, particularly that part of it which does away with the necessity for the payment of a radio licence fee by all those people in the country who have radio sets.

As the parliamentary assistant knows, the Progressive Conservative party for many years has been advocating that this licence fee should be abolished, and we are glad to see that at long last our advice has been followed and that the licence fee is to be done away with.

The other day some questions were asked about the men who had been collecting these licence fees. When we get into committee I shall ask the parliamentary assistant to tell us what steps have been taken to see that these men are continued in the government service. Many of them are veterans, and I would hope it might be possible to give them other work. They have been carrying out a pretty thankless job. Many of them have been doing it for a long time, and we believe they deserve every consideration from the country. I would ask the minister to clarify that point when we get into committee, upon which occasion it will be possible to discuss the sections of the bill.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, we, too, welcome the introduction of this bill, which is a corollary to certain changes made in other legislation following the introduction of the budget. As has been pointed out, its main purpose is to abolish the necessity for imposing a licence fee on private radio receiving sets. I think we all grinned a bit when the parliamentary assistant said that the purpose of the bill was to implement government policy by abolishing the radio licence fee. He would have been more correct had he said that this bill implements the policy of opposition parties in the house. After all, for many years it has been government policy to collect this licence fee or tax.

However, we are glad to know, and I am sure people throughout the country are glad to know that at long last the request by many people that this nuisance tax be abolished has been met by the government. The other changes set out in the bill would seem to be appropriate, and therefore we are pleased to support second reading.

Mr. G. A. Cruickshank (Fraser Valley): Mr. Speaker, we on this side of the house also welcome this legislation. That is the reason we brought it in.

Mr. Knowles: Just before an election.

Mr. Cruickshank: Most of the good legislation is brought in from this side. There is a question I should like to ask, but possibly I will have to wait until we get into committee. I am getting some advice from the rear here on dredging. But I do want to make it clear that we on this side of the house welcome this legislation. After mature thought by myself, representing the group around here, I advised the minister in this connection.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Beaudoin in the chair.

On section 1—*Commercial broadcasting receiving station.*

Mr. Green: Can the parliamentary assistant tell us what the fees are to be for these broadcasting stations?

Mr. Benidickson: That has not yet been determined. It would be within the powers of the governor in council to establish the fee. I would point out that one important reason for including this particular type of commercial broadcasting receiving station is to ensure that there will be continuing authority in connection with the erection of masts and that sort of thing which might interfere with aviation.

These centralized systems redistribute by wire lines programs that they receive and generally their antennae occupy high ground. It was felt that when we eliminated the phrase "private receiving station" we should clarify the legislation with regard to the type of receiving station that is developing both in connection with television and sound broadcasts. There is thus a possibility that you might have a private receiving station set up for gain. We have seen this type of thing in airport terminals and other public places where there are two companion screens, one showing a current television program while the other showed advertising. That is a type of centralized commercial broadcasting receiving station that might develop.

Some years ago reference was made in the act to commercial receiving stations. That was put in at a time when it was felt that receiving stations might be set up in theatres for entertainment purposes. That did not develop because the individual programs were too short and the program changes were so frequent that an audience could not be held. But there are other types of receiving station being developed now for gain and the fee itself will be determined by cabinet authority.

Mr. Green: Are there any receiving stations under licence at the present time?

Mr. Benidickson: Yes, they are licensed but because they are considered to be private receiving stations we want to make it clear that those that were on a commercial basis and were being operated for gain would be under control. It was necessary that that be particularly so with regard to antennae and things of that sort.

[Mr. Cruickshank.]

Mr. Green: Can the parliamentary assistant answer my question regarding the employees who have been collecting the licence fees?

Mr. Benidickson: A return was made on March 30 in answer to a question asked by the hon. member for Moose Jaw. In the outside offices away from Ottawa there have been 30 or so employees who were not only doing licence work but more or less were acting in a general stenographic or clerical capacity. They assisted the personnel who were responsible for the supervision of the licences and for checking radio equipment as to quality and general interference. Those people were paid out of the grant for the licence division. Most of them will be retained by the department because of the other work that they were doing. The personnel that they were assisting will have more time in the field to look after interference and the supervision of radio equipment generally. Someone must be on hand in the outside offices.

The department itself has vacancies from time to time, and vacancies occur in other departments of government. Many of the people engaged in the licence division were experts on the operation of calculating machines and they can be employed by other departments. It was not the particular work that they did, but the fact that they can operate these machines, that will make them readily placeable. Some of them are competent stenographers and there is a continuing need for this type of employee in other departments as well as our own.

It may not be possible to place the few female married personnel, but their number is quite small. In so far as the majority are concerned, a few will be required for the next sixty or ninety days to continue the mopping-up of the licence work and the getting back from the numerous issuers of the money they have collected. There will be a few vacancies in our department from routine staff turnover and if we did not employ these people we would have to employ new employees. The civil service commission is co-operating to the utmost and where vacancies occur in other departments they are attempting to absorb these people of the transport department.

Mr. Green: What about the men who have been going around actually collecting the licence fees?

Mr. Benidickson: They were on a commission basis for the most part and the necessity of keeping them is eliminated by the elimination of the fee.

Mr. Green: Could they not be placed in other work?

Mr. Benidickson: It was part-time, casual employment.

Mr. Cruickshank: Would it be possible to use some of these officials to check the programs. At 6.45 p.m. on Saturday there was a program on CFRA entitled "Hook, Line and Sinker." Would it be possible to have a check made on that?

Section agreed to.

Sections 2, 3 and 4 agreed to.

On section 5—*Search warrant.*

Mr. Macdonnell (Greenwood): This reads:

> Where a magistrate or justice of the peace is satisfied by information on oath that there is reasonable ground for believing that a radio station has been established without a licence . . . he may grant a search warrant—

Is there not some central registry which would indicate whether or not a man had a licence?

Mr. Benidickson: The purpose of this amendment is simply to eliminate the search warrant rights that have existed hitherto in respect to the place wherein it was suspected there was an unlicenced private receiving set. Supposing a man did not have an aerial and had not bought a licence, in the past this provision enabled an inspector to be given a search warrant to enter the premises. In so far as radio apparatus other than a private receiving set is concerned, there is no change in the law. Suppose a person were illegally keeping hidden in his premises an apparatus that might enable him to even carry on some subversive type of radio broadcasting; we might not see the exposed type of antenna. That is why the right to obtain a search warrant is taken there. There is no change in the section other than to eliminate the right of a search warrant with respect to searching out a private receiving station.

Section agreed to.

Sections 6 and 7 agreed to.

Sections 8 to 14 inclusive agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: Shall this bill be read a third time now, by leave?

Mr. Knowles: By leave.

Mr. Chevrier moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

EMERGENCY POWERS ACT

ORDER IN COUNCIL WITH RESPECT TO CONTROL OF TRADE BY SEA WITH MAINLAND CHINA AND NORTH KOREA

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, may I have permission to revert to motions and to table two copies in English and in French of P.C. 1953-604, an order in council passed on Friday, April 17, under the provisions of the Emergency Powers Act with respect to the control of trade by sea with mainland China and North Korea. This order provides that no ship registered in Canada shall, after the 20th day of April, 1953, proceed to the mainland of China and North Korea without a licence. This order is being passed pursuant to discussions which took place between the British and the Americans in Washington following the visit here of the Right Hon. Mr. Eden, and after those discussions the hope was expressed that we in Canada would pass a similar order in council.

Mr. Green: May I ask the minister whether the United Kingdom and the United States have adopted similar measures?

Mr. Chevrier: Yes, both countries have.

Mr. Green: Is this order identical with the provisions made by the British and the Americans?

Mr. Chevrier: I can say that it is identical with the British order because I have seen it, but I have not seen the American, although I am told that it was the hope of both the American and British governments that this be done.

Mr. Macdonnell (Greenwood): May I ask the minister what effect, if any, this will have on the much discussed ships of the Ming Sung line?

Mr. Chevrier: The Ming Sung position is not altered by this order in council. Under the present arrangement, if my recollection serves me, the Ming Sung ships are still ships registered in Canada and subject to a mortgage, and we hope that it will be possible to collect the balance of the mortgage at some future time.

Mr. Green: Have the Ming Sung ships still the right to fly the Canadian flag?

Mr. Chevrier: No. My hon. friend will remember that that exemption has been withdrawn, and that was stated in the house. What is being done is another story. I am not in a position to say what is happening, but I do know that the exemption has been withdrawn and that the ships are still

registered as Canadian ships, so that we may be able at some future time to collect the mortgage.

CANADIAN CITIZENSHIP ACT

DEFINITION OF CANADIAN DOMICILE, CITIZENSHIP CERTIFICATE, ETC.

Hon. W. E. Harris (Minister of Citizenship and Immigration) moved the second reading of Bill No. 190, to amend the Canadian Citizenship Act.

Mr. Fulton: May I ask the minister if he will not make a statement at this stage? There was quite a discussion in the other place, and I understand that the bill was amended in some particulars there. I think it would be helpful if the minister would be kind enough to make a statement with Your Honour in the chair as to the nature and intent of the bill and as to the effect of the amendments. Then we can consider the details later.

Mr. Harris: Mr. Speaker, I have no prepared statement as to the purposes of the bill other than the general one that it amends the citizenship act in a number of instances. With respect to the discussion in the other place, my recollection is that there was an attempt to amend the bill in one particular which failed in committee and was not then pursued in the other proceedings of the other place. With respect to that particular point, I can assure my hon. friend that I propose to have the relevant section stand for the course of the next hour and a half, and it is possible that we may suggest some alternative when it is reached. Therefore my hon. friend can be assured on that score that further consideration will be given.

Generally speaking, the amendments to the act extend to persons not now covered by the citizenship act the right to be Canadian citizens. Furthermore, in the case of persons who lost that citizenship on the first of January, 1947, by reason of being naturalized Canadian citizens who were living abroad for a period of six years and who had not registered and thereby retained their right of citizenship, we have extended that period of six years for another four years, so that they may continue to have the opportunity of registering and retaining their citizenship in that way.

There are other provisions consequent upon the Immigration Act, which I hope is going to be proclaimed soon, so that the definition of domicile will be in conformity with that act. There are other provisions extending the authority of the governor in council to name persons and courts who may do the work of citizenship under the act. I think I can show that is necessary in order to make it more convenient for persons to become Canadian citizens than is the case at the moment. Generally, the amendments are as the result of five years' experience, and I think they are more liberal than anything we have had up to the present time. While it is the desire of the government that citizenship should not be taken lightly nor obtained lightly, nevertheless the experience we have had indicates that the act when first passed did not contemplate all the possible combinations of circumstances that existed under the old naturalization act, and as time goes on we desire to clear these up so that persons who have the right to be Canadians will have the legal right under the act and not by administrative process.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Beaudoin in the chair.

On section 1—*Canadian domicile.*

Some hon. Members: One o'clock.

At one o'clock the committee took recess.

The committee resumed at 2.30 p.m.

Mr. Cruickshank: I should like to direct a question to the minister, and perhaps I could do so best by explaining the circumstances under which the question arises. While one of my constituents was in the armed forces overseas he became engaged to a German girl who was in England. She came to Canada, and they were married. Unfortunately, before they had lived together in Canada for one year he was killed. It appears now that she cannot apply for citizenship papers owing to the fact that he was killed prior to their residence in Canada together for one year. Her father-in-law wants to take the girl to the coronation, and it seems unfortunate that she is unable to apply for citizenship. Is there any amendment or permissive legislation to cover such a case?

Mr. Harris: My recollection of the citizenship act is that, under those circumstances, there is a reference to a wife of a Canadian citizen. The wording is as follows, "who is a wife and has resided in Canada with a Canadian citizen". There is no provision for widows as such, and apparently the word "wife" does not include a widow under those circumstances. It is regretted that in this particular case there is no discretion in the minister to grant citizenship. But if the hon. member is concerned about the possibility of the young lady's being able to go abroad and return, we could give a letter of identification

which would assure sufficient in the way of travel documents to go abroad and return without any difficulty.

Section agreed to.

On section 2—*Persons born before January 1, 1947.*

Mr. Fulton: This is quite a lengthy and complicated section. Indeed, the whole act is quite complicated, and the amendments seem to be quite technical. I am particularly concerned about subsection 2 of what will be section 4 in the act. It seems to me that under paragraph (b) there is room for the possibility of abuse. It seems to me that it makes it possible for a person who has lived outside of Canada for any length of time you may care to mention, say 10 years or more, without any intention of retaining his Canadian citizenship, suddenly finding that for some reason or other it was advantageous for him to do so, to try to get it back. He then files a declaration of retention and gets a certificate of Canadian citizenship, even although he may, in the meantime, have abandoned his intention of retaining Canadian citizenship.

I think there should be something in that section requiring a person, under those circumstances, to make some affirmative proof that he had never abandoned the intention of retaining Canadian citizenship. Otherwise, it seems to me it would open up the possibility that he may, after 10 or 15 years abroad without having the actual intention of retaining Canadian citizenship, find it advantageous, for some real or fancied reason, to file his application, and he may in fact get back his Canadian citizenship.

Mr. Harris: I quite agree that we ought to take precautions against any person under those circumstances, but I think the hon. member has not quite appreciated the class of person to which this subsection applies. This only applies to the person who is born abroad of Canadian parents and who, by all citizenship acts, has the right to elect which nationality he may have when he reaches 21. This amendment alters the existing law only to the extent that, instead of forcing him to make the election within one year after reaching 21, he would have three years. In a number of cases we have had some difficulty with people who say, "We did not know that was the law." We have to realize that the act is still only six years old and a good many people, including Canadians born abroad of Canadian parents, are still finding out their rights. We ought to be a little generous towards them. There is no possibility that anyone could wait for a period longer than three years after his 21st birthday to exercise this right.

Mr. Fulton: But it does apply to people who may have been born and lived abroad for 21 years up to January 1, 1954. Really, perhaps my question comes down to this. Does such a person have to give any positive proof or any affirmative proof that he never intended to give up Canadian citizenship? Supposing he became 21 years old last January, he would have until January, 1954, to file his declaration. Is it sufficient for him just to file a declaration or does he have to give any proof of his intention to retain Canadian citizenship?

Mr. Harris: In the declaration, Mr. Chairman, we require him to state a number of facts, including the statement that he has not chosen any other nationality. In other words, he has to affirm that he has not applied for papers in the country in which he is resident or taken any similar step.

Mr. Macdonnell (Greenwood): I understand the time has been extended from one year to three years?

Mr. Harris: Right.

Mr. Macdonnell (Greenwood): It might be argued that this, after all, is quite a privilege. It might be argued that if a man did not take it up for three years it would be evidence that he was not very keen about it. Presumably there is another side to the story which I have not thought of, and perhaps the minister would say a word about it.

Mr. Harris: The reason for the extension is the one I gave a moment ago. In the past, a great many people, after the one year, have written in wanting to elect. They have no right of election. These are persons who, apparently, did not know they had this privilege under the Canadian Citizenship Act or that there was a limitation of one year. For the time being at least, until there is greater knowledge of the act and greater acceptance of it, we think we ought to be as generous as we can, although this limit might be reduced at some future time when we have had more experience with it.

Mr. Herridge: I understand that there were quite a number of people who were formerly residents in Canada, or who were Canadian citizens, who left Canada just prior to the war and served in the armed forces of a country at war with Canada during the second world war. I am informed also that quite a number of these people are now making application to become Canadian citizens. What is the minister's attitude to those applications?

Mr. Harris: I do not quite understand the hon. member when he says they are now making application for Canadian citizenship. If they had citizenship in the first place, it is not necessary for them to apply now.

Mr. Herridge: Maybe I should say "make application to re-enter Canada".

Mr. Harris: That comes under the Immigration Act and I would be prepared to discuss that matter on the estimates on immigration.

Mr. Green: I should like to ask the minister one question on section 1. The new paragraph (mm), which is the definition of "Place of domicile", is a little bit different from the present definition in that it substitutes the word "or" for the word "and" in the second line. I am wondering whether that is a mistake. The paragraph reads:

"place of domicile" means the place in which a person has his home or in which he resides or to which he returns . . .

In the present definition the language is: "and to which he returns". It seems to me that by using the word "or" there instead of the word "and", the result is that the place of domicile would be the same as the place of residence. Surely that is not the intention. In other words, the clause "or to which he returns" would stand by itself. Was it the intention that that should be so?

Mr. Harris: No, Mr. Chairman. It is not the intention to allow him to claim one of those privileges. The definition is all-inclusive and he must conform to all of them. As to this particular definition, if my hon. friend will permit me to say so, it should be borne in mind that this does not confer domicile, and this definition will come in use in another amendment later, to indicate in some cases the right of persons of British origin who have lived in this country for a period of 20 years but, because they came and went, never did acquire domicile at one time. We are saying later on that if they have lived here for 20 years, and if they had their place of domicile here, the minister could grant a certificate under certain conditions. This definition is additional to Canadian domicile which they must acquire under the Canadian Immigration Act in all cases except the one I mentioned.

Mr. Green: The minister will notice that there has been a change to the word "or" from the word "and".

Mr. Harris: Yes.

Mr. Green: I am wondering whether that is intentional.

Mr. Harris: I shall have to look at it. I noticed the difference.

Mr. Higgins: May I read to the minister section 43 of the terms of union between Newfoundland and Canada and ask him to comment. Section 43 reads as follows:

Suitable provision will be made for the extension of the Canadian citizenship laws to the province of Newfoundland.

What does the minister say about this section?

Mr. Harris: In this bill there is no amendment dealing with the subject of Newfoundland citizens prior to the enactment of the terms of union. I have only this to say. I have known one or two cases where it would seem that the act was not sufficiently clear to cover them. It is my hope that in the next session we shall have a general revision of this act in the light of six years' experience and that if there are any cases that require attention we shall give it to them.

Mr. Higgins: It may be that we are not really citizens of Canada at all now.

Mr. Harris: Mr. Chairman, I want to assure the hon. member that every single one is; and I do not think he would mind my saying that he is a distinguished Canadian citizen.

Mr. Higgins: The minister thinks we will be able to vote, does he?

Section agreed to.

Section 3 agreed to.

On section 4—*Resumption with approval of minister.*

Mr. Fulton: On this section may I ask the minister what is the purpose of the provision, whether it has been widely used, and in what sort of circumstances it would be necessary to use this discretion to authorize a person to resume Canadian citizenship?

Mr. Harris: There may be others, but the circumstances we contemplate are in the case of naturalized Canadian citizens who go abroad and who because of other circumstances over which they have no control—such as living in areas where they may be under restraint—will not be able to exercise their rights to notify consular offices and others of their desire to retain Canadian citizenship within the six, at the moment, but the about-to-be ten-year period; but at some future time they may become free to do so and they would then apply for resumption of Canadian citizenship. At that time it is thought desirable that the minister should be free to grant them the resumption of citizenship as of some date which could be ascertained, which would restore to them the rights which, if they can prove it, they never abandoned, although we did not know that they had that desire.

Mr. Fulton: The act has not been in force for very long by comparison with the life of nations but this amendment in clause 4 amending section 6 of the act it appears to me is giving the minister a wider discretion than he had under the original section 6. Have cases arisen in which the absence of that discretion has worked a hardship?

Mr. Harris: No particular case has arisen but we believe some may, and we have been so advised by some of the members of the interdepartmental committee who are dealing with the subject.

Section agreed to.

Section 5 agreed to.

On section 6.

Mr. Knowles: Mr. Chairman, with respect to section 6 there is a point which I should like to take up with the minister. I gather that this is one of the sections he had in mind when, in the course of his remarks on second reading, he said that one of the purposes of this legislation was to provide greater facility to people desiring to become Canadian citizens.

I notice that this clause seems to give effect to that idea in that it widens the ways in which a person can file a declaration of intention under section 10, subsection 1, of the citizenship act. In this connection, Mr. Chairman, I may say that I have had correspondence with the clerk of the peace in one of the county courts of the minister's province, and that he feels that an error is possible in the change that is being made. At any rate, I wish to bring to the minister's attention what this gentleman complains about, in the hope that the minister will see fit to find some way in which to deal with it.

The person to whom I refer informs me that in the past the general practice has been for these declarations of intention to be filed with the clerk of the court. That clerk is usually a barrister with many years of experience, and he is well versed in the provisions of the citizenship act. On that basis he understands who should file a declaration of intention and who should not. My correspondent also draws to my attention the fact that the clerk of a court is an officer of the crown and therefore responsible to his attorney general for the conduct of his office. Therefore, if such a clerk makes a mistake and files a form that should not have been filed, the applicant gets his fee paid back. That takes place, so I am told, without any fuss or bother.

But I have in my hand a declaration of intention which a gentleman in this country sought to file in this particular court and which he had had made out for him by someone else. I gather that that someone else was a lawyer. Certainly he was a notary public, a commissioner or a justice of the peace. When this gentleman seeking Canadian citizenship sought to file this document which he had had made out elsewhere, the clerk of the peace in this particular court immediately recognized that it was not necessary for this gentleman to file this document because he is the spouse of a Canadian citizen. As the minister knows, such a person is exempt from the necessity of filing such an intention under the terms of section 10 (1) (a). The rest of the story as it is given to me is that this gentleman had to pay $10 to have this form filled out. I assume that was the fee of one of those friends of mine who are called lawyers. There is no way for this gentleman to get his money back. The form was filled out quite unnecessarily, and yet, as I say, this applicant for citizenship is out that $10. The gentleman who has written me about the matter feels that although the intention of the minister may be good in that he wants to make it easier for people to apply for citizenship and to declare their intention to do so, yet he may in fact be opening the door to the possibility of many people having to pay fees of this kind.

One does not expect every lawyer in the country to know the details of every act that is on the statute book; that would be utterly impossible; but it does seem to me that perhaps there was some merit in the previous arrangement whereby the people who took these declarations of intention, although they may be limited in number, were familiar with the terms of the legislation.

There is more that I could say about it, but I think I have made the point, and I wonder whether the minister would comment on it.

Mr. Macdonnell (Greenwood): If the minister would permit me, I have a letter which is as like as two peas to the one that the hon. member for Winnipeg North Centre has just read, and therefore I should like to associate myself with him. Perhaps there are one or two points that are similar but said here somewhat more emphatically. In speaking of the amendment he says this:

> This procedure has worked out most satisfactorily and there are no valid objections to the present practice. The clerks of the court are in the vast majority of cases barristers-at-law with considerable experience and who are capable of construing this statute.

That is certainly a man who has had some experience. Then he says something which is very similar to what my hon. friend has indicated. He points to the position of the clerks of the court who are mostly lawyers,

and then he says that this wide opening, broadening, which is done here is such that anybody can do it, and he thinks it will have two bad effects. First of all, people will go to those who are not familiar with the law and who may lead them astray, and second, they will go to those who very naturally and properly will charge them. In one case here there is an amount charged for a declaration which I think the minister would agree is very high.

I come back to this. That seems to me a prima facie reason. If it does turn out that the present practice is not offering these facilities, that is another matter.

Mr. Harris: I think I understand the viewpoint expressed in the letters that my hon. friends have received, but I think probably the writers assumed from this amendment that we were going to withdraw from the clerks of the courts the privilege of accepting these declarations.

Mr. Knowles: No; he thinks you are going to extend it to—

Mr. Harris: I will explain the extension in a moment. We have had many instances where people have written in to say that it seems unfortunate that one has to go hundreds of miles at least three times for the purpose of becoming a Canadian citizen. They must appear before the clerk of the court to file their declaration; they must appear before him to file a petition; and then they must appear later on to take the oath of allegiance. I think all members would agree that Canadian citizenship should not be something that, as I said this morning, would be available lightly. Nevertheless, there does seem to be an inconvenience. In the particular case I have in mind I think it was 180 miles that the person concerned had to go three times over a 15-month period in order to obtain his Canadian citizenship; whereas had we had someone available locally to take the initial step of the declaration he could at least have avoided one of these trips.

In addition to that, our liaison officers who are dealing with ethnic groups all the time have on more than one occasion been asked if they could not fill out the declaration of intention and mail it here to the registrar of citizenship. There are occasions when it would be convenient and desirable that they should be able to do so. In addition to that we will get this declaration mailed to us anyway at the Department of Citizenship and Immigration. The point that my hon. friend wants to make is this: These declarations are on file in the office of the clerk and they are available there for the subsequent filling in of the petitions, and therefore the information is available, and so on. Actually what happens is that two copies of this form of declaration are made. One is sent immediately here to the citizenship registration branch; the other is posted up in the office of the clerk for I think it is three months, after which time it comes forward to us in any event. While I agree that the clerks over the years are acquiring experience and certainly can fill in forms better than others apparently do, I do not suggest that we could not overcome the weaknesses of persons to fill in these applications and send them to us. For the reason that there are instances where in our opinion it would be desirable to have these declarations taken locally, we think we should have the right to appoint, not as I think my hon. friend said, anyone, but a person who would be duly authorized and instructed and responsible to the minister.

Mr. Macdonnell (Greenwood): That leads me to ask the minister this question. How far are the regulations determined on, and may not one of the points made in this letter be a good one, namely, an extension of the appointment or an extension of the people who are qualified to take it but who might take it without being in a position to receive fees. I should like to read this:

> At the present time the applicant has the protection of the court, and the courts are headed by the attorney general of the province who can use disciplinary action as he may see fit to these clerks who take advantage of their position. There will be no such supervision over these agents—

He means the new agents to be appointed. I continue—

—and they can do as they please.

The Chairman: Will the hon. member disclose the source of the letter?

Mr. Macdonnell (Greenwood): No. I assure the chairman he is a responsible person and I prefer not to mention the writer's name, unless he wants to mention it himself.

The Chairman: I am not going to insist, but as the hon. member knows, if anyone reads a letter he must quote the source; otherwise it becomes an imaginary letter.

Mr. Fulton: As has been said here many times, I am quite sure Your Honour will find the hon. member is free to read the letter if he takes responsibility for the statements which are contained in it. He does not have to give the source or name the person who wrote it if he takes responsibility for what is in it.

Mr. Graydon: That is right.

The Chairman: The hon. member has quoted a letter. I can recall instances which

took place, and one in particular, in which the leader of the C.C.F. party was involved. It happened about two and a half years ago.

Mr. Fulton: That is quite right.

The Chairman: At that time it was decided that no document should be quoted unless the member quoting it was prepared to divulge the signature.

Some hon. Members: Oh, no.

The Chairman: Oh, yes, the source. I do not have the reference at my fingertips; but if a letter is quoted and the source is not revealed then it is similar to an imaginary letter.

Mr. Graydon: It cannot be imaginary if the hon. member takes the responsibility.

The Chairman: But that is similar to an imaginary letter, if the source is not revealed. That is the position.

Mr. Harris: Perhaps I could comment on my hon. friend's recitation. The attorney general of a province is the superior officer of the clerk of a court, but I think my hon. friend should remember that any corrections that are made with respect to the work carried on under the Citizenship Act are made by our citizenship branch here. As I said before, one copy of these declarations is sent to the citizenship registration branch. If there are weaknesses in the way it is filled in or if there is other information required, correspondence then takes place between the citizenship registration branch and the clerk of the court.

The only thing in which the attorney general of a province is interested is the fees ultimately collected for this work. I do not say that in any disrespectful sense. But we do supervise the work of the clerks under those circumstances. I hope hon. members do not think we are going to withdraw this from the clerk of the court. We are only going to make it easier in places where clerks are not available readily, so that someone else may take declarations, or so the person affected may send such declarations by mail to us here.

Mr. Macdonnell (Greenwood): Why would it not be feasible to make a definite extension so as not to leave it wide open? For example, could not the provision be made whereby a justice of the peace could do this work, where there is no clerk of the court? Could not a definite extension be made without leaving it wide open? That would meet the point which the imaginary writer of the letter makes. It would give the protection he feels is necessary. He gives some substantial instances of fees charged which in my opinion were unfortunate, to put it mildly. And it does seem to me that, without expense, such procedure might be possible. Is that not practicable? If so, could not the minister entertain that idea?

Mr. Harris: No, it is not practicable, because we do not know at this moment what particular person in a remote northern community in Canada we would like to designate. It could be the Royal Canadian Mounted Police, and it could be someone else.

I think I now understand some of the concern of my hon. friend with respect to these exorbitant charges. I did not understand he was making a point about them before. We have had these difficulties for some time. We are aware of the fact that charges are made by people for this particular service. There is no reason why they should not charge for the filling in of this document, because it takes time to do it. Any professional man is entitled to charge for his service.

There is no restraint upon lawyers, except by way of county tariffs, and the like. However, I have not heard of any exorbitant charges having been made. I have heard it said that instances have occurred but, so far, I have had no written complaints to that effect. In a case where they fill in a declaration of intention and do not need to, I agree some redress might be proposed. But clerks of courts do not protect the public with respect to that, any more than we do. We get these complaints and we have correspondence about them. And the unfortunate person who applies and finds he has made a mistake learns quickly from us about it, through the citizenship registration branch.

I am not going to multiply the difficulties we have with Canadian citizens by appointing someone who is unqualified to do the work. Rather, I would hope to aid by appointing someone who would be qualified and who would do the work where it is not now being done, and without great inconvenience.

Mr. Knowles: If the minister is not prepared to meet the point the hon. member for Greenwood and I have presented to him in the way suggested, let me offer as an alternative one or two other suggestions. I feel—and in this I agree with my correspondent—that a wrong has been done to the man who filled out this declaration of intention. There is nothing imaginary about it at all. I could give the name, but there would be no point in doing so. I am prepared to show it to the minister. The picture of

the applicant appears on it. One of the lines filled in reads as follows:

My wife's citizenship is Canadian.

The lawyer who typed out this form typed in the word "Canadian" as applying to the spouse of the applicant. It would take about half a minute or less, by reading section 10 (1) (a) of the citizenship act, to discover that this applicant was not required to fill in such a form because he was the spouse of a Canadian. Yet he paid $10 to a lawyer for filling in that form, which did not need to be filled in at all.

Often I indulge in these sideswipes at my hon. friends who are lawyers, and I think I am justified in this case. The point that should be pointed out is that although lawyers frequently do things for nothing they sometimes charge fees they should not charge. In this instance I am amazed that $10 was charged. I showed this form to an hon. friend who sits near me, a member who is a lawyer, and he was amazed that such a charge was made. He seemed to think that $5 would have been plenty, and in some cases $1 would have been enough. And the hon. member for Annapolis-Kings says that, being in politics, he would not charge anything.

I am going to make two suggestions, the first of which is that there should be printed on the form, in type that any lawyer can read, a statement to the effect, using the wording of the act, that if an applicant is the spouse of a Canadian citizen, or a British subject, or comes under any other exemption indicated in the act, the filling in of the form is not required. My other suggestion is that there might be some limit imposed as to the fee to be charged for filling in the form. If the minister is not prepared to accept the other suggestions surely he should consider these.

Mr. Harris: Perhaps I misunderstood my hon. friend. If he is complaining about the charge made for the service rendered in this case, he is not arguing against the present system. Under this section we are talking about the filing and filling in of these documents. Anyone can fill in a declaration of intention. The point is: Where do you file it? The amendment makes provision for the filing of them in our citizenship office, in addition to filing with clerks of courts, and other persons whom we may designate.

There are hundreds of declarations of intention filled in by lawyers and other people which find their way to clerks of courts. We have no control over what a professional man might charge for the service here. We have control only over the fee charged by the clerk for filing. That happens to be a fee of $1. So far as I know they charge more than that, under some arrangement through their provincial act. So, as I say, we have no way of imposing a tariff of fees upon those who fill them in. That is entirely up to the applicant, when he decides whom he will hire to do his work. I should add that we are going to revise the fees for filing later on; but that is another matter. If my hon. friend thinks we should print on the form the various requirements in a manner which would be obvious to anyone reading that form, we would give consideration to his suggestion.

I do not know whether the person to whom he referred was one who spoke English, or whether it might be someone from whom the lawyer would take a long time to get the facts. It may be that an hour would be spent in extracting the information. I have had lawyers write to me to say that it does take a long time. I would not want to prejudge these particular charges.

Mr. Knowles: I offer my apology for laughing a bit while the minister was speaking, but I was not laughing at him. An anonymous member sent me a note which reads, "What makes them think lawyers can read?" I think we have it clear that what the minister and I are discussing at the moment is not the filing of this declaration but the actual business of filling it in. My point is that the lawyer to whom this gentleman went should have known that it was not necessary for him to file this form, particularly when he had to indicate one of the factors that made that unnecessary. In this case it should not have been filled out at all. I am glad the minister will consider the possibility of having printed on this form in clear type that lawyers can read something to indicate that under certain conditions the filling of the form is entirely unnecessary.

Mr. Harris: I should like to ask permission of the house to withdraw subsection 2 of this section.

Mr. Fulton: Would that leave the law as it now stands? That is to say, that they must have an adequate knowledge of English or French and it would be left entirely to the judge to decide whether they have that knowledge despite the fact that they have been here for twenty years?

Mr. Harris: The question of whether they had been here twenty years would be the relevant question and citizenship could be obtained in that case in lieu of having knowledge of one or other of the languages.

Mr. Winters: I move that subsection 2 of section 6 be deleted and that subsections 3, 4 and 5 be renumbered.

Amendment agreed to.

Mr. McLure: I should like to ask what would be the status of a Canadian girl who married a British naval seaman during the last war. After his discharge from the service they went to England to live but after some ten years they are desirous of coming back to Canada with their family. What would be the status of that man and woman and their children, the children having been born in London, England?

Mr. Harris: I take it that the marriage was during the war years?

Mr. McLure: Yes.

Mr. Harris: I would have to look it up. There was a change in status in 1941 or 1942. I think the answer will probably be that she is a Canadian citizen, but that he and the children are British subjects.

Section as amended agreed to.

Sections 7 and 8 agreed to.

On section 9.

Mr. Green: I notice that subsection 5 (b) creates quite a drastic change in the law because it gives the power to designate, in any part of Canada, any court or person to act as a court for the purposes of this act and any such court or person so designated shall be deemed to be a court for all purposes under this act. As the law is at the present time that power can be exercised only in the Northwest Territories and the Yukon, and I can understand why it would be necessary there. But this proposed amendment would make it possible for the minister or the department to designate a person in British Columbia or any one of the ten provinces to act as a court, I presume to hear applications for naturalization.

I doubt very much whether that would be wise. Courts are available in the provinces, certainly in every part of British Columbia, and there should be great solemnity about this matter of naturalization. In recent years there has been an increasing degree of solemnity in the ceremony conducted. I suggest that such a ceremony is better conducted by a judge than by some other individual who is not a judge. Our judiciary rightly commands great respect from the populace at large and I deprecate this idea of taking away from the courts the right to hear applications for naturalization. I think it is cheapening the whole process and I urge the minister to give further consideration to this proposal.

I may have misinterpreted the meaning of the paragraph and I may have based my argument on a wrong premise, but if it means that it will be possible, in British Columbia or any other province, for a person not a judge to hear a formal application for naturalization, then I think the change is wrong. I have no doubt that in some cases it would be simpler to have naturalization granted in this way, possibly in the more remote places, but the advantage would not be as great as the loss that would be suffered by taking away from the courts the power to conduct these hearings.

Mr. Harris: I think my hon. friend has misinterpreted the intention of the amendment. We are taking away no power from any court. We are only asking for legislative authority to designate someone to act as a court. As my hon. friend has said, that means that we could designate people in remote areas who are not judges. We expect to do that under certain conditions in the Northwest Territories and the Yukon, although that may not be necessary now that there are additional judges there.

Northern Quebec is another instance where there may not be courts to handle these cases. We would like to have the power to designate someone in lieu of a court where a court is not available to hear the application within a reasonable time. This is not entirely academic as there have been cases where a judge has died and because of delay in appointing his successor it has been impossible to have these hearings held within a reasonable time after the application is made. There is no intention whatever of taking away from any existing court any of its present privileges and powers. The only desire is to supplement them should it be necessary in the interests of granting citizenship reasonably soon after the application is made.

I quite agree with my hon. friend about the solemnity of the occasion. Since I became minister we have done our best to make the granting of naturalization a solemn occasion. As I said in my opening remarks, we do not want to have a uniform ceremony, we want to leave to the judge a little bit of individuality and expression. But we would hope that they would impress upon the applicant, and upon themselves and the court officials, the fact that this was something that should be remembered by the applicant until he died. He could make the ceremonies simple and perhaps even short if court work required it, but nevertheless solemn and impressive. We would not appoint anyone who would not carry out these particular objectives.

Mr. Green: The administration of justice in a province is just as important as the hearing of applications for naturalization. Why should this plan not be tied in with the administration of justice in a province?

Instead of doing that, the minister is going much further and is asking for the power to designate an individual to hear an application for naturalization within a province. I suggest that power should be tied in with the actual administration of justice in the province. Assizes are held in all the leading centres of British Columbia and the county court judges go to the more remote centres. In my view they go there frequently enough to hear applications for naturalization. If it is necessary, a county court judge could be flown into a centre to hear applications for naturalization. I am afraid that this is a retrograde step. It will detract from the solemnity of the occasion on which an application for naturalization is heard.

Mr. Harris: Let me say one more word about it. I am sure that my hon. friend is wrong and that we will not take anything away from the solemnity of the occasion at all. I think he knows that in my province, and likely in his, there are occasions on which persons who have served at the bar for many years may be appointed temporary members of the judiciary. I think that is true in the province of British Columbia. It is in Ontario in any event. That is the kind of thing we have in mind. We may need an additional person at a particular time to do a job.

I can give one instance where I had a letter from a woman out west who said that the R.C.M.P. had called on her to get a declaration of intention. She was delighted that the time had rolled around. It would be six months before the R.C.M.P. called again. This was the only outside contact she had and she was looking forward to the time when the R.C.M.P. would come back with the petition for her to sign. I admit that such conditions are rare, but I think that we should have the opportunity of making that woman a citizen right where she lives because she is doing useful work in that particular area. The kind of person would be a person who would be responsible and would not treat this thing lightly.

Mr. McIvor: I should like to ask the minister a question. First I would congratulate him on the number of citizens he has brought out from Ireland.

An hon. Member: Where is that?

Mr. McIvor: I can assure him that these people who have come from the north of Ireland will compare favourably with the best in the world. They will fight for their country or take part in the development of our natural resources. What is the possibility of getting more of them?

Section agreed to.

[Mr. Green.]

On section 10—*Determination of Canadian domicile, etc.*

Mr. Fulton: Is this a broadening of the powers to determine the question of domicile? I observe that under the present section 38 it is provided quite simply that where any question arises under the act with respect to whether any person had Canadian domicile immediately prior to the coming into force of the act, the question shall be determined in the same manner as if it had arisen under the Immigration Act, whereas under subsection 1 the power is now given to the minister. The decision of the minister is made final and conclusive. Perhaps I may be labouring a point that does not exist, but my recollection is that the minister is not given that broad sweeping power under the Immigration Act to determine all such questions and to be able to make a final and conclusive determination. I should like the minister to correct me if I am wrong and also answer the question as to whether this is a broadening of his power to determine the question of domicile.

Mr. Harris: It is not a broadening; it is an elaboration of the power I have at the present time under the Immigration Act. But the wording of subsections 2 and 3 limits the power of the minister in making a decision under subsection 1. In other words, under subsection 2 he is obliged to follow the records of the department if they exist, and if they do not then under subsection 3 he can call for any information on which he can make up his mind about domicile. I am free to admit to the committee that occasionally we find that the records do not disclose the landing of a person in Canada. In such a case we want evidence from him of the landing and will accept it if it looks proper and indicates that he did in fact come at that time, although our records do not actually disclose it.

Mr. Fraser: Do you issue an order in council in such cases to clear them up?

Mr. Harris: No, we do not need an order in council to grant landing at the present time. I can grant landing to a person who has shown that he has been in the country, although our records do not indicate it.

Section agreed to.

Section 11 agreed to.

Sections 12 to 21 inclusive agreed to.

On section 22—*Coming into force.*

Mr. Fulton: With respect to the coming into force of the legislation, on reading the debate in the other place I saw a statement that the revised Immigration Act passed at the last

session had not yet been brought into force. Do I understand that it is the intention to bring the two acts into force at the same time, the citizenship act and the whole new Immigration Act? If so, when is it actually intended to bring them into force?

Mr. Harris: We may bring the citizenship act into force as soon as it is given royal assent, but the Immigration Act is to be brought into force as of the first of June if the regulations which are now practically completed are available and printed in sufficient time.

Section agreed to.

On the title.

Mr. Harris: I did not want to introduce this amendment until we had passed section 9, concerning which the hon. member for Vancouver-Quadra made some remarks. With respect to the appointment of any person to act as a court, there is a cross-reference to section 2 (f) in the act which I shall read. It has to do with the clerk of the court and reads as follows:

"Clerk" or "clerk of the court" includes all officers exercising the functions of prothonotary, registrar or clerk of any court having jurisdiction under this act, and, where a person is designated by the governor in council as a court under this act, means the said person.

We did not want to necessarily have one person act as both judge and clerk of the court. Therefore I have a proposed amendment, which I will ask the Minister of Public Works to move, which would amend 2 (f) to read as follows:

(f) "Clerk" or "clerk of the court" includes all officers exercising the functions of prothonotary, registrar or clerk of any court having jurisdiction under this act, and, where a person is designated by the governor in council to act as a court for the purposes of this act, means any such officer approved by the minister and available to assist the said person as his clerk or, if no such officer is so approved, means the said person.

This will give us the opportunity of continuing the present system. In other words, if under the circumstances we have to appoint someone to act as a court, the clerk of the court having jurisdiction at the present time continues to have it, but if that is inconvenient or impossible we may designate someone else to act as clerk for the temporary purposes of the other court. I should point out one additional matter to my hon. friend. The appointment of the additional court is not made by the minister but by the governor in council so that there is that additional protection with respect to the minister's exercise of this right.

Mr. Knowles: Maybe the same question is in your mind, Mr. Chairman, as is in mine.

The Chairman: I have solved the problem. I have found where it goes.

Mr. Knowles: Good.

Mr. Harris: I beg your pardon, it comes under section 1.

The Chairman: As a matter of fact, it comes in subsection 3 of section 9, where it reads paragraph (f). It would read that subsection 1 of the said section 34 is repealed and the following substituted therefor. I think that this is paragraph (b).

Mr. Harris: May I point out that section 1 of the bill amends section 2 of the act, and this is amending section 2 of the act so it should go in as subparagraph 5 of section 1 of the bill.

Mr. Nowlan: What happens under this proposed amendment which was just introduced? I agree with the member for Vancouver-Quadra that it is dangerous to designate persons to act as courts, but I can assume that under some circumstances such a thing might be necessary. In any event, you have to have a record of this kept somewhere. Surely the records must go through a court, and there must be a court office in every district no matter where it might be located in Canada. I would think, Mr. Chairman, that it would be highly dangerous to not only designate a person to act as a court but designate some other official to act as registrar.

A few moments ago the minister said he was frank to admit that there was the occasional time when records of entry were missing. To my mind, therefore, if you have a person designated as a court and you have somebody else designated as a clerk, you are only adding to the opportunities for error because these people will only be acting for a day. What is going to happen to the records which are under the control of one or the other of these people? I wonder why it is necessary to appoint a registrar or person to act as well as designating a person to act as a court?

Mr. Harris: The act as it stands now contains this provision because of the situation in the Northwest Territories at the time when they did not have the judges they now have. I can conceive of the case I cited to the hon. member, where this lady, who is a doctor and who has been giving medical service to an area that never had it before, wants to remain there after she becomes a citizen. I can understand the minister trying to see that she is made a Canadian citizen on the ground, and for that purpose designating someone, the clerk of the municipality or somebody like that, to act as a clerk of this court for that purpose.

Under the act as it stands, if I appointed someone locally to be the court, to act as a

judge, he automatically became the registrar or clerk of the court as well, which we did not want for the reason the hon. member gives that we want the records. You have a better chance of having the record if you have two people than if you have one.

Mr. Nowlan: If it is simply to cover the case referred to of the doctor who wants to become a Canadian citizen and to whom you want to grant Canadian citizenship on the ground, I cannot quite follow the minister. Does she not have to send her records into the court in any event? You have an officer of that court, a registrar or clerk of the court, and those officers are now in existence. These courts may be a thousand miles away from the lady to whom the minister refers, but it would be a simple matter since her application has to be posted in some place in any event. Then, if you are going to post these applications in any store or some Hudson Bay trading post, they are all going to be lost and you would not want to have that happen. I am not going to labour the matter. The member for Vancouver-Quadra raised it with respect to designating the court, and as I said I am prepared to follow the minister on that question with some qualifications, but I think he is getting on dangerous ground in designating a clerk.

Mr. Harris: It is quite true that in this particular instance the declaration of intention is filed in a court hundreds of miles away. There is no point in altering that court or the registrar of that court for the purpose of these documents. I imagine that only when some minister wanted to have this done on the ground, and have a clerk appointed who would administer the oath for the judge, would it happen in any other way than the normal. The intention here is not to take the power to appoint clerks, but is to avoid having the man who is going to be the judge also become the clerk.

Mr. Green: I think this amendment put forward by the minister strengthens my argument against his other amendment which allows him to designate a person as a court. By this amendment the minister is taking the power, not only of designating a person as a court but also of designating someone else as a clerk of that court, and if there is nobody available to act as clerk of the court then the man who is designated to be the court itself can also act as the clerk. I think that Canada has advanced far enough in her settlement and in her system of government for it to be unnecessary to have a provision of that kind.

This amendment reads:

"Clerk" or "clerk of the court" includes all officers exercising the functions of prothonotary, registrar or clerk of any court having jurisdiction under this act,—

[Mr. Harris.]

That, of course, refers to the courts as they are set up at the present time.

—and, where a person is designated by the governor in council to act as a court for the purposes of this act, means any such officer approved by the minister and available to assist the said person as his clerk or, if no such officer is so approved, means the said person.

So, in this case the governor in council does not have to approve the clerk of the court. The minister can appoint a clerk to assist the said person. If no such officer is so approved, it means the said person may act. In other words, the person designated as a court can also act as the clerk. I submit to the minister that the keeping of the records is of great importance, as well as maintaining the solemnity of the naturalization hearing. By this amendment he is endangering the keeping of the records. If he can appoint somebody to act as clerk for one particular application for naturalization, then it is very likely that the records will not be kept as they would be in a court or if they are kept at the moment will eventually be lost. We will not be able to find them in our provincial courts, because there is no procedure for filing them in the provincial courts. I think the minister, in order to grant naturalization to this doctor, is endangering his whole system of naturalization hearings. I would urge upon him that in the ten provinces he restrict the power of hearing naturalization applications to the courts.

Mr. Knowles: I was going to make a suggestion that has probably occurred to you by now, Mr. Chairman. It is that the proper place for this amendment is as a new subsection 3 of section 1 of the bill. If I may respectfully suggest this to the minister, I think his motion should have been that it be inserted as subsection 3 of clause 1, and that subsections 3 and 4 should be renumbered as 4 and 5. That would put the amendments to paragraph (f) in between (d) and (j). This would seem to be the proper place.

The Chairman: I am sorry. I find that I was trying to fit the amendment into section 9, but it does not go in there. It is probably a good thing that hon. members of the committee did not follow my lead. It does fit into section 1 as the hon. member has explained. The amendment, therefore, is that a new clause 3 be inserted and that subsections 3 and 4 be renumbered 4 and 5. The amendment moved by the Minister of Public Works is as follows:

That section 1 be amended by inserting:

(3) paragraph (f) of the said section 2 is repealed and the following substituted therefor:

"(f) 'Clerk' or 'clerk of the court' includes all officers exercising the functions of prothonotary,

registrar or clerk of any court having jurisdiction under this act, and, where a person is designated by the governor in council to act as a court for the purposes of this act, means any such officer approved by the minister and available to assist the said person as his clerk or, if no such officer is so approved, means the said person;" and renumbering paragraphs 3 and 4 as 4 and 5.

Shall the amendment carry?

Mr. Green: Can the minister tell us whether it is his intention to appoint his representatives in the provinces as a court or to designate them as a court? In some of the provinces at least he has a representative of the department. For example, in Vancouver we have Dr. Black who is an excellent representative. Is it the intention to designate the minister's own representatives as a court for the purpose of hearing these applications for naturalization?

Mr. Harris: At the moment there is no intention to designate any particular person. If it happened that it was necessary, under this amendment, to designate someone and if Mr. Black were available and were agreeable to the other persons who would have to do the work under the act, I presume that he would be considered. But I had more in mind the necessity of having someone trained at the bar if we were in that position at all.

Mr. Green: Has the minister given any thought to my suggestion that subsection 4 of section 1 should be changed? He deferred consideration of that section. I refer to the word "or" which appears for the second time in the second line.

Mr. Harris: I have not been able to give any further consideration to that matter than what I said at the time. I do not think it alters the meaning at all from that of the old section. But I must say that an explanation was not given me as to the change to "or" from "and". I think what I said was correct, namely that this does not alter the fact that we are trying to describe a place, and give the same reasons why this place would become the place of domicile. For example, if my hon. friend will look at the subsection again, he will see that these are all terms to explain where a person has his home or in which he resides, although that can be the same thing, and to which he returns as a permanent place of abode. That would imply that he did not have a home as such but had a residence. I think they all fit into the definition. I do not think the change to "or" from "and" would make any difference in our interpretation.

Amendment agreed to.

The Chairman: Shall the bill carry?

Mr. Knowles: May I suggest that the minister put the same amendment in section 12 of the bill?

The Chairman: That is in the corresponding section in part II.

Mr. Knowles: Yes.

The Chairman: I think that is understood. Is it agreed?

Some hon. Members: Agreed.

The Chairman: Shall the bill carry as amended?

Some hon. Members: Agreed.

Bill reported.

Mr. Speaker: When shall the bill be read the third time? Now?

Mr. Knowles: By leave.

Mr. Harris moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

VETERANS BENEFIT ACT

CHANGE IN DATE OF EXPIRATION

Hon. Hugues Lapointe (Minister of Veterans Affairs) moved the second reading of Bill No. 335, to amend the Veterans Benefit Act, 1951.

Mr. Brooks: Is the minister going to make an explanation of the bill?

Mr. Lapointe: I hardly think any statement is necessary, Mr. Speaker, on the second reading of the bill. As I explained at the resolution stage the other day, this is the annual bill to extend the Veterans Benefit Act, 1951, for a further period of a year; that is until the last day of the session of 1954.

Mr. H. W. Herridge (Kootenay West): Mr. Chairman, I just want briefly to say that I was not here when the resolution preceding this bill went through, and I want to say that we certainly welcome this bill again. The evidence of the value of the legislation is to be found in the credits the minister mentioned, namely the 150 men who are taking university or vocational training and the 89 who have made application for benefits under the Veterans Land Act. This federal aid to education in this respect has been most successful. I hope it convinces the government of the soundness of the principle and that they will see fit in years to come to extend this legislation to other Canadian citizens.

Before concluding I want to say that I notice generally that the administration of this legislation is becoming smoother all the time. I have talked to a number of men who have taken benefits under this legislation

on returning from Korea, and I have not had a veteran make a single complaint as to the administration of the legislation or as to the treatment received from the various officials concerned with the administration of this act.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Beaudoin in the chair.

On section 1—*Expiration.*

Mr. Brooks: As the minister has explained to us, Mr. Chairman, this amendment is simply carrying out the same act as was put through last year, giving to the Korean veterans all the benefits under the veterans charter and subsequent legislation. I should like to ask him this question. In view of the fact that there is another bill to be considered, namely Bill No. 336 which grants additional assistance to the children of deceased members of the armed forces, is this act broad enough to include children of Korean veterans?

Mr. Lapointe: The answer is yes, Bill 336 will include them, Mr. Chairman. While I am on my feet may I say this. The other day, at the resolution stage, the hon. member for Royal asked me for certain figures which I did not have at the time but which I told him I would give him when we were in committee on the bill. He asked what was the average amount of gratuities paid to Korean veterans under this act. I am informed that as at April, 1953, the average amount was $261.80. He also inquired as to the number of contributions that had been made to the unemployment insurance fund on behalf of men serving in Korea. Contributions have been made on behalf of 15,332 members of the forces who have enlisted since July 5, 1950, and who have been discharged.

Mr. Brooks: I also asked for some information with reference to the Veterans Land Act, as the minister will recall.

Mr. Lapointe: I believe I gave at the time the information as to the number who had applied under the Veterans Land Act, and the number of applications received and approved.

Mr. Brooks: The figure was 89?

Mr. Lapointe: Yes.

Mr. Brooks: I think that is correct.

Mr. Quelch: Under this act is a veteran able to avail himself of any of the benefits under schedule A? Can a veteran obtain any of the benefits under schedule A of the act?

Mr. Lapointe: I believe the hon. member asked a question along that line the other day. He wanted to know whether any veteran could apply for these benefits or whether it was necessary for an order in council to be passed before the benefits were made available. The latter case is the correct one. The hon. member will see that section 8 of the act reads:

> The governor in council may by regulation provide that all or any of the enactments set out in parts I and II of the schedule to this act shall, in such manner as the governor in council may prescribe, apply to . . .

And then the two subsections follow. In other words, the governor in council passes an order making the various acts which appear in the schedule applicable to the classes of servicemen which the acts are intended for.

Mr. Brooks: There was another question that I asked regarding the payment of re-establishment credits to those still serving in the permanent force that could be paid the same as gratuities were being paid.

Mr. Lapointe: Up to now the benefits under the rehabilitation act have not been made available to members of the regular forces other than those who had originally joined up with the special force and transferred to the regular forces before the end of their term of enrolment. But extension of these benefits to other Korean veterans who were in the regular force is under consideration at the present time.

Mr. Brooks: Nothing definite has been decided yet?

Mr. Lapointe: No.

Mr. Fraser: I should like to mention veterans who are on small holdings under the Veterans Land Act. Some of those small holdings have now been incorporated into cities and these veterans are finding that their taxes have gone up, naturally. As I understand the regulations, if a veteran is on a 50 per cent pension he has a right to sell part of his holding, if he is on a half-acre holding. If he is not on a pension he has no right to sell. Of course when the land is sold the Veterans Land Act takes the money which would help to reduce the amount of the veteran's indebtedness to them. On account of the high cost of living and the high taxes at the present time would it not be possible to permit the veteran to sell off a portion of his holding and help to pay his indebtedness to the Veterans Land Act and also make it easier for him to pay his taxes, because it would reduce them somewhat?

Mr. Lapointe: This of course is a serious problem, and one into which the administration of the Veterans Land Act is looking at the present time. It is something that relates directly to the Veterans Land Act, though of course any change that might be made along the lines of those suggested by my hon. friend would also be applicable to benefits conferred under this act. If I may suggest, I think it would be more appropriate to deal with it when my estimates come down, when we can discuss the administration of the Veterans Land Act. At that time I might be able to give a more thorough answer to my hon. friend and deal with the points that he has just brought up.

Mr. Fraser: I hope the minister and his department will have a chance to study this point because these veterans are now finding it extremely hard to make their payments.

Mr. Lapointe: Their investment has increased in value also.

Mr. Fraser: The value has increased, yes, but they have burdens to bear, their families are coming along, the cost of raising a family has increased, and they are finding it that much harder to pay the charges.

Mr. Green: As I understand this bill, it merely extends the Veterans Benefit Act until the last day of the 1954 session of the house. That means that in order to find out just what it really does we have to go back to the original act which was passed in 1951, and which by the way was supposed to be merely a measure to fill in for a brief period until it was possible to make the Korean veterans eligible under the terms of the different acts in the veterans charter. My first question to the minister is: When does he think it will be possible to get rid of this temporary measure and make these veterans eligible for benefits under the basic acts contained in the veterans charter?

Mr. Lapointe: I did touch on that point when I introduced the resolution. I explained that we thought it advisable for the time being to continue with this procedure which was followed during the course of the second war. It is pretty difficult to say when we shall be able to come to a final decision in this matter and bring forward the act so that all of the benefits which are now given by order in council under authority of this act may be specifically provided for by a statute. That of course depends to some degree, as I explained the other day, on the situation in Korea, or on the time that it may take for all those who are affected by this legislation to be discharged or absorbed in another capacity in the armed forces.

Mr. Green: Then the minister cannot give us any idea as to how long it will be before these Korean veterans are placed in the same position as the veterans of the second world war in so far as coming under permanent legislation is concerned?

Mr. Lapointe: Well, they are enjoying the same benefits under this act which, of course, is extended from year to year. It is a yearly act. Like my hon. friend, I would like to be able to say when we will be able to put this legislation in a permanent statute, but like my hon. friend I am not in a position to say when the situation in Korea will permit that.

Mr. Green: It is not the situation in Korea—

Mr. Lapointe: It is to some extent.

Mr. Green: —that makes the difference; it is the possibility of passing legislation in Canada, which is of importance. I understand that 25,000 young Canadians have served in Korea, and I should think it would be possible for us to get their benefits in the shape of permanent legislation. The minister has said that they have the same rights now. That is hardly correct, because all they have now is the Veterans Benefit Act, and the governor in council may or may not say that certain parts of the veterans charter apply to these men. It is not a matter of right at all, as it would be if they came under the veterans charter itself. They merely come under this other act under which the cabinet have the power to say that they shall or shall not get certain benefits.

Do all of the veterans charter acts which are mentioned in the schedule to the Veterans Benefit Act apply, namely sections 28, 29 and 30 of the Civil Service Act; the Veterans Land Act, 1942; the Veterans Insurance Act; the War Service Grants Act, 1944; the Department of Veterans Affairs Act; the Veterans Rehabilitation Act; the Veterans Business and Professional Loans Act and the War Veterans Allowance Act, 1946. These are the acts listed in the first part of the schedule. These are the ones listed in part II: subsection 2 of section 2, section 5 and subsections 4 and 7 of section 7A of the Civil Service Superannuation Act; the Pension Act; part IV of the Unemployment Insurance Act, 1940 and the Reinstatement in Civil Employment Act, 1946. My question is whether all those acts have been made fully applicable to the Korean veterans and, if not, to what extent they are not applicable.

Mr. Lapointe: They have been made available to Korean veterans who enlisted in the

special force. I explained a few moments ago that they are not all available to Korean veterans who serve in the regular forces, but that the matter is now under consideration.

Mr. Green: Are all the benefits under all those acts applicable to the Korean veterans?

Mr. Lapointe: I have just answered my hon. friend.

Mr. Green: Then answer it again.

Mr. Lapointe: I explained—and my hon. friend can look at *Hansard*—that they were available to Korean veterans who enlisted in the special force, and that so far as Korean veterans who are members of the regular force are concerned, they were not all available. I said that the matter as to the acts not at present available was under consideration, and that I hoped to tell the house at an early date what was being done.

Mr. Green: Let us consider the benefits under the War Service Grants Act. Is there a restriction on the benefits a Korean veteran can get if he has served less than a certain number of days in Korea?

Mr. Lapointe: I did not follow my hon. friend's question. Would he please repeat it?

Mr. Green: I understand—and I hope I am wrong—that there has been a provision whereby, unless a Korean veteran has served in Korea for 183 days, he cannot get any benefits under the War Service Grants Act, even though he may have been wounded.

Mr. Lapointe: I have not the regulations before me, but my understanding is that that is not correct. I certainly will look into the matter and let my hon. friend know. However, I am inclined to believe that he is wrong. I do not think that limitation exists.

Mr. Green: Is there any time limitation affecting Korean veterans in respect of benefits under the War Service Grants Act or any other acts I have mentioned?

Mr. Lapointe: Not to my knowledge.

Mr. Green: Will the minister look into the matter?

Mr. Lapointe: Yes, I will.

Mr. Green: Then, are the benefits available to the men who serve with our forces in Europe?

Mr. Lapointe: The answer is no. They are available to members of the forces who have served in an area which has been declared a theatre of operations. Germany has not been declared a theatre of operations for the purposes of this section.

[Mr. Lapointe.]

Mr. Green: Under the Veterans Benefit Act I understand the cabinet is given power to designate what constitutes service in a theatre of operations.

Mr. Lapointe: That is right.

Mr. Green: Apparently the cabinet has designated only Korea; is that correct?

Mr. Lapointe: That is right.

Mr. Green: Then I suggest some provision should be made to extend the benefits to young Canadians who are serving with our forces in Europe. We have a few thousand of them over there and, upon completion of their service, they will be handicapped in their re-establishment in civilian life. I submit the time has come to extend at least some of the benefits to these men.

Let us consider, for example, the Reinstatement in Civil Employment Act. Do they come under the provisions of that act, which gives a veteran some rights to get back his former job? I suggest that is one act which should be made to apply to them. Then there are several others which could be made applicable to the men serving in Germany. Has consideration been given to following that course, or is there any reason why the acts I have mentioned could not be made to apply to the men serving with the forces in Germany?

Mr. Lapointe: Well, I suppose there are some reasons. My understanding is that members of the regular forces who are serving in Germany at the moment are doing a tour of duty there as part of their regular duty in the regular forces. They have enlisted directly to the regular forces for a period of three years, as anyone does who enlists in those forces. In the course of that duty they may be called to serve in Canada or they may be called to serve in Germany as part of their training in the regular force. But they are not serving in a theatre of war.

I think my hon. friend will agree with that. However, as regards reinstatement in civil employment, my understanding is that any member of the regular forces who enlisted therein after July 5, 1950, and who serves in those forces for a period not exceeding three years—that is, one term of enlistment—

Mr. Green: Not less than three years.

Mr. Lapointe: Yes, not less than three years—is given the privilege of reinstatement in civil employment when taking his discharge.

Mr. Green: I submit these men should not be regarded as ordinary enlisted soldiers in our peacetime army.

Mr. Lapointe: Why not?

Mr. Green: We are now engaged in an unusual type of military activity under which we are sending forces to Europe, and I doubt very much whether very many of these young men have decided to make the army their career. They have enlisted for a short period of time.

Mr. Lapointe: They enlisted for a regular term of three years, like anybody else.

Mr. Green: It is pretty obvious that the minister is not very much impressed by the need for giving them assistance of the type covered by the Veterans Benefit Act. Nevertheless I do urge upon him that the government give consideration to extending at least some of these benefits to the men serving in the forces in Europe.

Mr. Lapointe: I might say that the government has given and will continue to give consideration to that matter; and I can assure my hon. friend that I am quite as interested as he may be in the fate of our men serving in Germany or anywhere else. And I think his remark was slightly uncalled for.

Mr. Green: Slightly what?

Mr. Lapointe: Uncalled for.

Mr. Green: Well, the minister should not be so touchy. Ministers of the government must expect to have suggestions made to them.

Mr. Lapointe: It is not the suggestions I object to; it is the suggestion that I am not interested.

Mr. Green: He may resent them; nevertheless I am entitled to make suggestions to the minister, and I propose to do so when I feel they should be made.

Mr. Lapointe: Mr. Chairman, I just wish to straighten out my hon. friend. I am very pleased to have any of his suggestions as regards legislation or the treatment to be given to veterans or to men serving at the present time. What I objected to was his suggestion that I was not interested.

Mr. McLure: I happened to be absent when this bill was called; therefore I did not hear the statement by the minister. This bill received considerable publicity because it created the impression among many veterans that it would deal with increased veterans allowances. I should like to know whether any consideration has been given to increasing the allowance to single and married veterans.

Mr. Lapointe: That would not come under this bill.

Section agreed to.

Bill reported.

Mr. Lapointe moved the third reading of the bill.

Mr. Knowles: By leave.

Motion agreed to and bill read the third time and passed.

ARMED FORCES

ASSISTANCE FOR HIGHER EDUCATION OF CHILDREN OF CERTAIN DECEASED MEMBERS

Hon. Hugues Lapointe (Minister of Veterans Affairs) moved the second reading of Bill 336, to provide assistance for the higher education of children of certain deceased members of the armed forces and of other persons.

Mr. Brooks: Is the minister going to give an explanation?

Mr. Lapointe: Mr. Speaker, as I mentioned the other day on the resolution, the purpose of this bill is to provide financial assistance for the children of veterans who died as a result of military service during world war I, world war II or in Korea. It is intended to assist children who are pensioned under the Pension Act to obtain an education above the level of high school matriculation.

The bill provides for the payment of university fees and a monthly allowance while in attendance at a university for a period of four years. As I mentioned the other day, there are approximately 12,000 children receiving pension under schedule B of the Pension Act, all of whom would be potential university students. Under this legislation, when a child has graduated from high school he will be in position to obtain assistance for his higher education, or vocational training of the type that calls for high school matriculation such as teachers' college, provincial normal schools or nursing schools at Canadian universities.

Mr. A. J. Brooks (Royal): Mr. Speaker, when the resolution was before the house the other day we had an explanation from the minister, and a number of hon. members spoke. Since I have received the bill and read it I have been greatly disappointed, and I am satisfied that that will be the general feeling. There was general approval in the press and among all concerned when it was intimated that something would be done toward assisting the children of war veterans who had been killed overseas to obtain a higher education.

Since the war ended it has been generally realized that the children of deceased war veterans should receive special consideration as far as education is concerned because they had a special claim on the public of Canada. It was hoped that a bill of this kind would have been brought in long ago. Everyone

realized that the widow of a soldier who had been killed overseas would not be in position with her limited means to provide this type of education for her children. Like everything else, the cost of education has increased greatly, and it was realized by the war veterans committee as far back as 1946 when we were considering the veterans charter that this matter should be considered. It has been brought up practically every year, either in the house, by the Legion or by some other veterans' organization. As I said a moment ago, there were great expectations as far as this bill was concerned.

The bill certainly does not go as far as we had been led to believe it would. My opinion was that the children of deceased war veterans were to be given the same educational opportunities as the veterans themselves were given on their return from overseas. I should like to read the recommendation of the Canadian Legion submitted to the government on November 12, 1952, which was as follows:

> Recommendation—in respect of children of deceased service men
>
> That the federal government instigate a policy for the children of deceased service men similar to that in force for single student veterans attending university or vocational training schools and receiving a monthly allowance under the rehabilitation act.

They recommended the adoption of a policy similar to that which had been adopted in connection with single student veterans. Anyone who is familiar with the veterans charter and who considers what is intended to be done under this bill for the children of deceased war veterans will realize that there is no comparison at all. As a matter of fact, I think in this bill the government is being very niggardly. It is not permitted to refer to the different sections, but the bill does mention what the government intends to pay and the amount is very small when compared with what is necessary to provide an education.

When we consider the cost of living, when we consider the cost of room and board, of clothes, of books, of travelling, of all these necessary things, and then consider the small monthly pittance provided under this bill we cannot help but realize how inadequate it is. I would point out that the children concerned are comparatively young, 16, 17 and 18 years of age; they are not to be compared to the men who came back from overseas. During the four months of vacation these mature men can earn a good deal of money, but young people of 15, 16, 17 or 18 years of age, many of whom will be attending university, will have very little opportunity to earn money to assist in obtaining their education.

There is another matter I wish to bring up when we are considering the bill. I do not see any retroactive feature in the legislation. Owing to the fact that it was not put into force four or five years ago, as it should have been, many sons and daughters of deceased veterans have already attended universities and have paid for their own courses. They have probably borrowed the money to do so or the widowed mother, the pensioner, has borrowed the money to assist them in obtaining an education. I see no provision in the bill to treat those who have already received and paid for their education in the same manner as those who will come under the act when it is brought into force this year. I wish to express this complaint now, before we deal with the various provisions of the bill.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, we in this group certainly endorse the principle of the legislation and are very pleased to see the bill introduced. I know the Legion has made proposals along this line to the government and the veterans affairs committee for a number of years. It is my recollection that the matter was first discussed, as was said by the hon. member for Royal (Mr. Brooks) and as the hon. member for Acadia (Mr. Quelch) reminded me a few minutes ago, in the veterans affairs committee of 1946 when a number of members of the committee tried to get this type of legislation incorporated in the veterans charter.

While the government is late in bringing the legislation before the house, we are very pleased to know that at last, so far as the principle is concerned, they have responded to the pleas of the Canadian Legion. I think it is quite fair to say in that respect that it is the good and continuous work of the Legion and the national council of veterans that has finally caused the government to give consideration to their repeated representations and recognize the principle of educational assistance to the children of deceased veterans.

In addition, the subject has been raised a good many times in the house by members particularly on the opposition side, and as far as the principle of the bill is concerned I am sure we are very pleased that the government has recognized it. However, I am not clear as to the exact meaning of one or two of the clauses, and I am sure when we get into committee a number of members will want the minister to explain the meaning of certain clauses. If I understand the bill correctly that $25 per month is the sum total, together with educational costs, then

under present day circumstances that appears to be too small an amount. But we will wait until we get into committee, and I hope the minister will be able to give us further information as to those sections which concern us having to do with the amounts payable.

Once again, we are pleased to see the government recognizing this principle, and once again I say that I am quite sure no bill affecting such a relatively small number of persons in Canada will produce more happiness than this one, particularly if the government sees fit to raise the amount payable to a satisfactory figure.

Mr. Victor Quelch (Acadia): Mr. Speaker, we in this group commend the government for introducing legislation of this type, and we are fully in accord with the general principle thereof. But I was under the impression that under the legislation both the cost of the education of the dependent of the veteran and a living allowance of $25 a month would be paid. I now have some doubt in my mind whether or not the full cost of education is to be met. Therefore before I say any more I should like to get a further explanation from the minister regarding section 4 (2) particularly. I should like to know exactly what it means, because if it does not mean that the full cost of education is going to be met then I shall not be quite so complimentary in my remarks.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, I should like to make a few remarks about the measure. As hon. members who have already spoken have said, for some years there has been a demand by the members of the great Canadian veterans' organizations and also by many members of the house for some legislation which would assist the children of Canadians who gave their lives for their country. It has been felt that such children were bound to be under a handicap compared with other children because of the fact that their fathers had lost their lives in one or other of the services. There has also been a feeling that these young people should be put in a position where they could take pride in the service their fathers had given, and that the service of the fathers should be recognized by some measure of assistance to the sons and daughters.

The measure does go part way to meet the suggestions that have been made, and I join with other members of the house in commending the minister and the government for the start. It took a great deal of pressure to get this far, but now we are here a word of commendation is in order. But I believe the measure will not help a very large number of such children. During the debate on the resolution the minister explained that only those who had completed their secondary education would receive any benefit, and he said in effect that only those children intending to take university training would be eligible for help. He pointed out that whereas there were 12,000 children who had lost their fathers, only about 10 per cent of them would benefit under the legislation, or approximately 1,200.

It must be evident that those who are not going to go to university will constitute the largest group of these children. They are the ones who will be entering one of the trades or some occupation which does not require a university degree. Yet these children appear to get no benefit whatever under the measure. They are left to what they can get from the regular public schools, and I think that is unfair. They get no living allowance whatever, and of course that is an important feature of the assistance given by the bill. It provides for the payment of university fees. Children who are not going to go to university of course would not have to pay fees in a technical school but their maintenance must be provided, and I suggest they should be eligible for this payment in the same way as children who are going to university.

Under the rehabilitation plan in effect for the veterans themselves, no such distinction was made. If a veteran wished to take vocational training he got his allowance just the same as a veteran who went to a university. But here we come to deal with the children of the veteran who lost his life, and under the definition only the one who goes to university can get help. I am very glad that he or she will get that help, but the one who wants to take up a vocation gets no help whatever. To me that is one of the great weaknesses in the bill.

We always understood that the assistance would be on the same basis as that given to the veterans, but the allowance is only to be $25 per month whereas the amount payable to the veteran himself was two or three times that amount. This payment of $25 per month is merely a token payment, and obviously was not intended to provide for the subsistence of the veteran's children while taking a course.

Then there is one other point I should like to draw to the attention of the house, and that is that this bill is of no help whatever to the children of the man who, at the time of his death, was in receipt of war veterans allowance; at least that will be true in most

cases. These men only received war veterans allowance, at least a great majority of them, because they were front-line soldiers. The war veterans allowance is based on front-line service. I suggest that the children of these men should be made eligible for this assistance, in addition to those coming under the schedule of the Pension Act.

I hope these suggestions will be considered by the minister, and that it will be possible to have some amendments made as the bill goes through the committee. This year we should have had a committee on veterans affairs to deal with this measure and the one which has just been passed. Here we have another good example of the folly of not having a veterans affairs committee of this house. This bill will not receive the consideration from the committee of the whole house that it would have received from a special committee on veterans affairs. I hope that during the next session provision will be made for the setting up of a permanent committee on veterans affairs.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Beaudoin in the chair.

Section 1 agreed to.

On section 2—*Definitions.*

Mr. Brooks: According to the definition, Mr. Chairman, an educational institution means a university, college or other school of higher education in Canada. During the time when the veterans themselves were attending schools, provision was made to enable them to take educational courses outside of Canada if there was not a course in Canada that suited their requirements. I wonder if that same provision will apply so far as these children are concerned?

Mr. Lapointe: The hon. member for Royal is quite right, Mr. Chairman; that principle was followed when the veterans legislation was applied. The education had to be obtained in a Canadian institution, unless it was established that the course which the veteran desired and which was necessary for his rehabilitation could not be provided in Canada. It is not felt that the same situation exists merely in providing what I may call ordinary university training for these children.

Mr. Gillis: I should like to ask the minister if a university, college or other school of higher education includes vocational training schools?

Mr. Lapointe: It will depend on the type of vocational training which is sought. The purpose of this act, as the title shows and as the explanation pointed out, is to give assistance to those seeking a higher education, in other words, university training; or for that type of vocational training which requires a high school education as a preliminary. It has been felt, and this is the experience of the department and the people who are in the educational spheres in this country, that that is the type of education which is most costly and which is most difficult to obtain because of financial reasons.

If the type of vocational training desired is one which can be provided by the provincial institutions which exist throughout this country, and does not call for a high school education as a requirement for entering the course, then the provisions of this bill will not be applicable. If it is vocational training such as nursing, which I mentioned before, or other types of technical training which I understand call for high school education, then the provisions of this bill would apply. In other words, I might say that the criterion is the need for a high school education as the requirement for entering the course.

Mr. Gillis: I certainly am not in agreement with that definition. As the hon. member for Vancouver-Quadra pointed out, there will not be many who will benefit by this bill. Since the end of the last war the whole emphasis has been on university training. Practically all of the government assistance has gone in that direction. Today you can go to the employment offices across this country and find queues of unemployed who have no training of any kind. At the same time you will find vacancies listed calling for skilled tradesmen such as bricklayers, pipe fitters, carpenters and glass fitters. I am afraid that if we continue this type of assistance in the field of education, in a few years there will be no hewers of wood and drawers of water but everyone will be running around with a university education and not producing very much.

I feel that the minister would be well advised to consider including vocational training schools in this definition. For example, a young girl taking a commercial course which requires a year or eighteen months of study in a local school would receive no help. There are many of these schools across the country, and some of them are costly. There is transportation involved. According to the definition in this bill, such a girl would not be eligible for assistance because she is not attending a recognized university but is merely attending a school which teaches a commercial course.

The time to iron out these definitions is now, and not by correspondence after the bill has passed. There are these vocational training schools across this country in which

young men do not get a high school education, but they receive a basic education which is sufficient to enable them to take a course in the trades.

In many cases the people who require the assistance most are those who cannot afford to send their children through high school but have to take them out in the ninth or tenth grade and send them to a vocational training school because they cannot afford to put them through high school and thus give them university entrance. If the government is desirous of helping the largest group of veterans, in my judgment they should include vocational training schools in this type of assistance. If they do not do that, I think most of the assistance will be going to people who could perhaps afford to send their children through; because if you can get them through the university entrance, you are not badly off. But as to the great majority of the ex-service personnel who will raise a family and try to educate them, the vocational training school is the spot, in my opinion, where we should try to give them the greatest assistance.

As I pointed out before, the lack of trained tradesmen in this country is terrific. The whole emphasis of the Department of Labour in immigration has been to bring skilled tradesmen from Europe. The importation of stenographers right here to this city from Great Britain only a few months ago is an indication that a great deal of assistance is necessary in relation to this type of work. There are thousands of girls running around the streets and standing behind counters for low wages because their parents could not afford to put them through the commercial course that would enable them to take such a job. I believe the thinking of the government in the field of education must be focused on the need for training in these skilled trades in this country rather than depending on immigration as we have been doing since 1945. This would be a good place to start, by including vocational training schools in the definition under section 2 of this act.

Mr. MacDougall: Mr. Chairman, I must agree with many of the things that have been said by the hon. member for Cape Breton South. This whole system of education, as we are seeing it develop across the length and breadth of Canada, it seems to me is creating a number of square pegs to be fitted into round holes. Those who returned from the first world war know that the assistance in the matter of education was completely and utterly inadequate. Those who returned from world war I certainly had to make their own decision as to what line of education they were going to take up, and rightly or wrongly they pursued what they considered to be the type of training they were to follow.

The day is going to come, it seems to me, when we shall find this situation if we continue the type of education that is mentioned here in the bill—not that I am particularly opposed to it, except that I think it should be broadened. For instance, today in the great Kitimat development in British Columbia we have dishwashers on the job who are earning more than are university graduates. That is a fact. The reason they are earning more is certainly not that they are more skilled but rather that they are willing to take on a type of work that is not particularly edifying. All through the industrial set-up of the Dominion of Canada, as we continue to prosper and develop, we are going to find increasing numbers of instances similar to that which you find today in this developmental work at Kitimat.

Further than that, if the children of civilian residents of Canada are going to pursue university courses and the veterans' children are going to be subsidized by governmental action to do likewise, then the day is not going to be too far distant when most of the so-called workers of this country are going to be working for the government. It seems to me that the idea behind any legislation of this type should be that we are building up the boys and girls of today who are going to be the men and women of tomorrow, and who are going to be producers for the economic development of the Dominion of Canada.

Rightly or wrongly, we may be critical of university graduates but the fact still remains that the real basic principle upon which our development depends is not in having men and women who have possibly a greater than technical school education, but in having men and women who are ready and willing to throw themselves into the economic development of this country. For a long time I have been of the opinion that we have been stressing the university too much and neglecting our secondary and trades schools all across Canada. In my opinion they are the institutions that will turn out the real men and women for the development of this country in the future.

I have to go along with the hon. member for Vancouver-Quadra and the hon. member for Cape Breton South in pointing out these facts. For our future economic development, in my opinion it is necessary that consideration should be given to the interpretation of this bill that is now before us; not that by any manner of means we should exclude university graduates, but we certainly ought

to have a complete definition of the type of person this legislation is going to benefit. When it comes to children in an orphaned family, I certainly do not think the higher university education is going to be particularly applicable, because a university education today costs a great deal of money and it certainly takes the head of the family all his time in toil, tears and sweat to earn sufficient to put a boy or girl through university. Where the head of the family has been removed, the onus of responsibility will fall upon the remaining parent. I feel strongly that this type of definition as to beneficiaries under this act should now be explicit.

As far as schools are concerned, I believe the trade schools and the vocational training schools are the real schools that are going to build boys and girls into men and women of tomorrow for their purposeful tasks in developing and increasing the economic advantages of this country of ours.

Mr. Harkness: I agree with a great deal of what the hon. member for Cape Breton South had to say. Certainly I think at the present time there is a much more acute shortage of people with commercial training and trades training than there is in some of the more learned professions. It seems to me that this act should be broadened to include people who are going to attend commercial schools and trade schools.

There are two specific questions I should like to ask the minister. From what he said I take it—but I should like to have this matter clarified—that students who attend a normal training school for teaching will be included even although in some provinces matriculation from high school is not required to enter that normal school. I should like the minister to clear up that point. From what he said I think it follows that those people would be included and would be eligible; but as I say, I know that in some provinces in order to enter normal school students do not have to have matriculation. They take a less onerous course or at least one that is directed along other lines than those of the matriculation course which gives entrance to university.

A second group of people whom I have wondered about were those taking accountancy. In most instances students taking accountancy do not actually attend a university. They pay certain fees and take their accountancy in the form of an apprenticeship. I wondered whether the fees they have to pay, and so forth, would be covered by this bill. I believe they do require matriculation in order to enter into accountancy.

Mr. Macdonnell (Greenwood): I should like to comment on this without delving too deeply into the merits of this or the other kind of education. I find myself largely in agreement with what the hon. member for Cape Breton South had to say. As I understand it, this is a measure to benefit the children of men who lost their lives in the service. Why should we pick out some of them and educate those who are taking this type of education mentioned here, and say we will not educate the others? I can see no argument in favour of that at all.

Mr. Lapointe: Perhaps I might answer the questions of the hon. member for Calgary East. As regards his first question, I would say the bill contemplates that the people he describes will receive the benefit. As he says, there are some provinces where there are regular high schools, and where matriculation may not be necessary to enter normal school, but where an equivalent educational background is necessary. In such a case, it would be considered as one of the kinds of vocational trainings for which the act could give assistance.

Mr. Green: I think the resolutions passed by the Canadian Legion indicate very clearly what a great weakness it is in the bill that no provision is made for vocational training. I hold in my hand two resolutions which were passed at the dominion convention of the Legion last year on this point. One was in these words:

> Resolved that all such entitlements and credits, etc., which the veteran would have received had he been spared to return be made available to his family.

The other was more specific. It read as follows:

> Be it resolved that the federal government be requested to instigate a policy for the children of deceased service men similar to that in force for single student veterans attending university or vocational training schools and receiving a monthly allowance under the rehabilitation act.

When the Legion came before the cabinet in November of last year they had this recommendation to make on the point:

> Recommendation—in respect of children of deceased service men
>
> That the federal government instigate a policy for the children of deceased service men similar to that in force for single student veterans attending university or vocational training schools and receiving a monthly allowance under the rehabilitation act.

Therefore it is perfectly clear that the Legion had in mind benefiting the whole range of children of deceased veterans; and we all know that the great majority of these children would be more apt to benefit from vocational training than they would university training. The minister himself said on second reading

of the bill on April 13 that only 10 per cent of the 12,000 would get any help under this measure. In effect what he is doing is giving the green light to the children who propose to take university training, and putting up a red light against the other children who would like to get vocational training.

He explained on page 3754 of *Hansard* what type of training would be covered when he said, in addition to the university:

> Teacher training, through the provincial normal schools, and nursing, through the teaching hospitals, are cases in point.

But he has not given the house or the committee one example of assistance in vocational training, and there is where the great need exists. With regard to vocational training he takes the position that any of these young people who want to get vocational training can get it in the provincial schools that are already set up. That may be true in so far as paying fees is concerned; they may not have to pay any fees for their vocational training, but they will have to have someone pay for their subsistence while they are attending those vocational schools. If the assistance provided by this act is not extended to cover them, then I am afraid the result will be that many of these young men and women will not get vocational training at all. They will simply be cut off.

I would urge that the definition of an educational institution be broadened to include commercial and vocational training schools, just as was done in the case of the veterans of the second world war. They were not put to the obligation of going to university if they wanted to get help. They could choose themselves whether they wanted university training, vocational training or commercial training, and they got help no matter which course they followed. I suggest that exactly the same provision should be made to apply in this present measure.

Mr. Knowles: It seems to me that the point at issue at the moment is not a debate as to the respective merits of university training on the one hand and vocational training on the other. I think we all agree as to the value of both. Certainly there is no question but that our country's life is richer because many veterans of world war II were enabled to go on and take university training. I for one am very glad to see that provision for university training is included in this bill. But we also recognize that Canada's well-being is advanced by everything that is done to increase the vocational skill of those who are not able to go on and take university training. In other words, it seems to me we are not indulging in an academic debate between those two types of training. What we are asking is that there be no discrimination between them, but rather that this assistance be available in either case.

I recognize that the Minister of Veterans Affairs may be sitting there thinking that we did not hear what he said a while ago, when he made it clear that the criterion would be whether or not the student had been through high school. I heard that, and I can see what might be involved in lowering that criterion; but this question presented itself to me. What about the student, be he interested in university training or in vocational training, who is unable to get through high school? Is not there a case for assistance in some instances at that level?

The minister may say that in most provinces of the country high school education is free, at least so far as tuition is concerned. But the financial circumstances in the home may, in many instances, prevent young people from getting to high school, whereas with a little assistance they might be able to do so. On the ground that the country is richer, both for vocational training and for university education, I think both should be included.

I think consideration should also be given to providing at least the allowance of $25 per month which would make it possible for students to get through high school who otherwise would not be able to get through. That would at least put them in the position of being able to go on with their university training or their vocational training.

Mr. Quelch: I understood it was not so much a question of whether or not a young person had gone through high school but rather whether, the young person having gone through high school and then applying for vocational training, such type of training would require that the applicant had gone to high school. That is the difference. It seems to me that if the young person prefers that type of vocational training which does not require high school, then at least some allowance for the cost of living could be made. I should think that $25 a month might well be allowed, even though there would be no cost of education involved.

Mr. Nowlan: The hon. member for Vancouver-Quadra is right in pointing out the definition of an educational institution where reference is made to a university, college or other school of higher education in Canada, as approved by the minister. Of course the expression "higher education" is elastic, and the minister can define that so as to include technical schools and the like. But I think he will agree that ordinarily higher education would not include trade schools.

The minister did make the point at the outset that this grant was payable only to those

who had graduated from high schools, or had equivalent status. I must say I have some considerable sympathy for that. The hon. member for Cape Breton South made reference to secretarial schools and business schools, and suggested that the grant should be made to assist persons going through those schools. My thought in the matter is that before they go on to business schools they should first go through high school, learn how to spell and be able to take a letter reasonably well. Many of them cannot do that.

I doubt whether this grant should be made available as has been suggested. Certainly in every province of Canada, and I think in almost every centre, high school education is available. It may be that in some instances the students would have to live with relatives, or something of that kind, but we do have consolidated schools as well as big high schools in our cities and towns. I should think those children should first of all go through high school. Then, having done that, this assistance should be made available to them if they wish to go to a secretarial or to a trade school. We have such places in Halifax. I think there is some confusion in the minds of hon. members as to whether they have to go through high school first.

Mrs. Fairclough: I do not wish to disagree with one of my colleagues, but I cannot agree with the last speaker because I have had far too much experience in this particular field. I know that many of these boys and girls simply drop out of school as soon as they are permitted to do so, perhaps at about 16 years of age, in order that they may contribute to the family budget.

I could not be more heartily in accord with anything than with some remarks made this afternoon suggesting that in this bill there should be provision for vocational and technical training. I believe it was about two years ago that I received a summary from the employment service in Hamilton showing the number of women available for employment. Most of them were seeking work which did not require any particular training. It appeared from the breakdown that out of some 90 about 8 or 9 were quite capable of taking commercial training, but they had been unable to do so because of financial circumstances.

I do not think there is a centre in Canada today that is not short of stenographers. There is a great need for and shortage of them. I am told that at the new Ford plant which is to open shortly at Oakville they are assured of every type of worker except stenographers, and that these cannot be secured. I firmly believe that some provision should be made in the bill because, from the experience I have had and the instances which have come to my attention, I am sure that many of these young people who could benefit by vocational training are going to drop out of school at the age of 16, or whatever age their school system permits. Henceforth they will become untrained labourers in a wide field where we need skilled workers of many kinds.

Mr. Brooks: Mr. Chairman, I agree with most hon. members who have spoken this afternoon. I am sure it was the intention of the Legion and others that all should be treated as nearly alike as possible. We recall that the returned men who could not take the educational facilities offered were given the advantages of the Veterans Land Act, or some other advantage.

One hon. member has said that this is discriminatory legislation. If a boy wants to be a carpenter or a girl would like to be a stenographer, then it seems to me that he or she should be given the same opportunity as the boy who wants to be a lawyer. Some provision should be made in the measure to provide that this boy or girl shall have his or her opportunity, just the same as the boy or girl who may wish to become a lawyer or doctor.

I do not agree that there are too many college graduates in this country. We all know there is a scarcity of doctors and engineers as well as those in other professions. There is also a great scarcity of people who are technically trained. I would hope that the minister might see his way clear to amend the measure so as to give us a more comprehensive definition of what an educational institution might be, and that in so doing he would include technical and vocational education.

Mr. Lapointe: I appreciate the debate that has taken place and the suggestions made by hon. members. I was pleased to hear the hon. member for Winnipeg North Centre suggest that the debate should not degenerate into one in which the relative values of university and vocational training would be set out. That is not the purpose.

This is something completely new in the way of veterans' legislation. Representations have been made to us upon various occasions and have been discussed at various times with people who are interested in the subject. It was pointed out that secondary high school, technical and commercial education in most cases could be obtained in provincial-controlled institutions throughout the country. It was said, however, that assistance should be given to the son or daughter of a widow, or to an orphan who would go to university

if the financial means were available to do so. It was urged that similar assistance should be given to those wishing to enter various other professions which do not call for university training, but training for which would require a high school education as a preliminary.

We looked into all the kinds of assistance that could be given, and as a result this plan was evolved. I think it is incorrect to say that it represents discrimination. As I pointed out before, the bill is designed to assist the children of deceased veterans to obtain a higher education. That does not mean that vocational training is not necessary in the economy of the nation. I think this bill marks a step forward in veterans' legislation. Hon. members can look at veterans' legislation anywhere else in the world, and they will find that this is the first legislation of this type introduced in any parliament.

Mr. Brooks: Let us make it good.

Mr. Lapointe: I think we should do what we have done with other legislation, wait and see what the results will be once it is put into effect. It is quite possible that certain adjustments will have to be made. But I think it is going somewhat beyond the real situation to denounce the legislation as being unfair.

Mr. Gillis: I hope the minister is not trying to create the impression that anyone is debating the merits or demerits of university training versus vocational training.

Mr. Lapointe: It sounded like that.

Mr. Gillis: It certainly was not that. As far as the bill goes, there is nothing wrong with it. This is another move in the direction of federal aid for education. It is the second step we have taken during this session. Federal aid has been extended to the provinces in connection with the education of displaced persons. We are not doing too badly in that field.

There is no doubt in my mind that the legislation is discriminatory. It does not meet the demands made by the Legion at their last convention. What concerns me are the vacancies listed in the employment offices across the country for skilled tradesmen as compared with the queues to be found outside of men with no training at all who are looking for work. Obviously there is a gap in our training of people in the skilled trades.

If we make this step we should definitely remove any discrimination. Before he finally puts his seal of approval on the definitions I think it would be interesting if the minister or some member of the house found out how many of the pupils who start out in grade 1 finally graduate. There is a great number of children in this and every other country who just have not the capacity to graduate in high school subjects, but they have aptitudes for other things.

The ordinary person who does the necessary work of this country to produce our wealth does not need French, Latin, geometry or a knowledge of economics that he would get in grades 11 and 12. Only last year I saw some of the papers that had to be written, and I doubt if many of the ministers or parliamentary assistants could sit down and write that examination today.

Mr. Lapointe: That is probably true.

Mr. Gillis: Those papers dealt with the new economics that came out of this war, the changes in currency and all that kind of thing. That is an angle that must be taken into consideration, the small percentage of the pupils who are able to go right through the different grades and graduate. There is a very high percentage who cannot do that.

There is a great waste in education when no aptitude tests are given to determine just exactly what a boy or girl may be fitted for. This legislation closes the door to vocational training schools. I am sure if the officials of the Department of Labour were asked their opinions they would tell you in no uncertain terms that the great need in this country is for skilled workmen. Many of our provinces, particularly the maritime provinces, are having an awful job maintaining or establishing vocational training schools in sections where they are badly needed.

There is an obvious situation that exists in all the industrial sections of this country, as is indicated by the vacancies for skilled workmen in all the employment offices. Some hon. members seem to be of the opinion that if they do not get through high school they can walk out on the street and find jobs. What kind of jobs can they take? An industrial employer is not going to take an untrained man and train him. He has expensive equipment and machinery in his plant. The employer in the building trades wants trained carpenters, bricklayers and lathmen because they are not so apt to waste materials.

If the policy of the government is that everyone in Canada is going to have a diploma, is going to be an economist, a chartered accountant or something like that, and we are going to draw from Europe by way of immigration our tradesmen and general labourers, that is fine. But what are you going to do with the Canadians who are here today, who are raising families and who are not able to put their children through

university? Those children are going to end up as the displaced persons in a program of this kind.

I am not going to argue this any longer, as I have been arguing it since 1940. Apparently we are not making very much progress. I am certain that the elimination of the commercial and vocational training schools is not going to settle the matter as far as the Legion is concerned. I am certain it is not going to settle it as far as I am concerned.

Mr. Knowles: The minister made a fairly satisfactory statement on this point on April 13, as reported on page 3755 of *Hansard*, when he said:

> In other words, the criterion is secondary school graduation—regardless of whether the proposed occupation requirement is regarded as university or vocational.

My point is that when the minister made that preliminary statement he put academic and vocational training on the same level. What disappoints hon. members now is that the wording of the section does not carry out the spirit of what the minister said.

Mr. Lapointe: I think it does. Perhaps I did not express myself clearly enough. What I had in mind was that the criterion was the completion of secondary education. Whether the course to be followed afterward was a university course or something else, it had to be one which required the completion of secondary education, high school or its equivalent. That was the explanation I meant to give.

Mr. Knowles: It would seem that the statement made the other day and the provisions of the bill do not completely correspond and I wonder—

Mr. Lapointe: I hope the statement I made just now makes it clearer, because that is what it means.

Mr. Knowles: We are governed not by what the minister says but by what is written in the law. I wonder if it would be too much to ask the minister to let this section stand so he can take another look at it during the six o'clock recess.

Mr. Green: I think—

Mr. Lapointe: I do not think it would serve any purpose to do that.

Mr. Knowles: That means that the door is closed.

Mr. Lapointe: I am sorry. I did not realize the hon. member for Vancouver-Quadra was on his feet.

Mr. Green: If the minister were willing to agree to let the matter stand I would be glad to sit down.

[Mr. Gillis.]

Mr. Lapointe: My hon. friend is free to stand up.

Mr. Knowles: That is an academic way of putting it.

Mr. Green: I should like to point out that the preceding paragraph on page 3755 gives the real picture. There the minister had this to say:

> Statistics indicate that some 60 per cent of young people entering high school leave without completing the usual four year program, and not more than 10 per cent—

That is 10 per cent of the total group, not 10 per cent of the 60 per cent.

> —or about one-quarter of those who do graduate proceed, or are likely to proceed, with further school—post-secondary education.

That shows exactly what the minister had in mind, that only 10 per cent of these children would benefit. The figures are right there as given by the minister himself. I would ask the minister whether there would be any serious administrative difficulty if the act were extended to cover vocational and technical schools.

Mr. Lapointe: At the time I gave the figures I think I explained that they were simply estimates. My information was that that had been the experience in high schools throughout Canada, and that 10 per cent of the over-all group who enter high schools eventually proceed to higher education. Whether or not that will be the percentage in the case of veterans' children is of course something which only the implementation of the legislation will show us. I do not know whether or not it will be 10 per cent.

Mr. Brooks: Even if we enlarge the legislation as has been requested, I do not think for one moment that 100 per cent of the children concerned are going to ask for vocational training. As a matter of fact many of them will become lumbermen, fishermen or farmers, and very few of them will bother with this legislation. I suggest to the minister that the definition of "educational institution" might be enlarged to read as follows:

> "Educational institution" means a university, college, technical school, vocational school or other school of vocational training in Canada . . .

By "vocational training" I mean training to be a nurse, teacher, stenographer or whatever it might be.

Mr. Mutch: You would have to define "vocational". It is too broad in the last part.

Mr. Brooks: You would have to define "vocational training".

Mr. Mutch: May I suggest that under the definition as it now stands there is nothing

to prevent the minister in his discretion including, for the purposes of the act, technical high schools.

Mr. Knowles: He has already closed the door by saying that a student has to graduate first.

Mr. Mutch: Provided they are proceeding to matriculation.

Mr. Lapointe: No.

Mr. Green: They are expressly prohibited by section 3 of the act.

Mr. Mutch: I stand corrected.

Mr. Herridge: There is a distinction between high school graduation and matriculation. Which does the bill mean? Does it mean high school graduation or matriculation?

Mr. Lapointe: It depends on the provinces. What we have in mind is the equivalent. There are some provinces where matriculation is necessary to proceed to higher schooling. In other places pass certification, I think they call it, is all that is required. It varies with the provinces. The purpose is to provide assistance for schooling higher than high schools or their equivalent. I can give an example. In my own province secondary and post-secondary education leading to a degree in arts is usually given in the same institution. Upon graduation at the end of what would be the fourth year in a high school the student goes on to the fifth, sixth and seventh years, and eventually gets his bachelor's degree. For the purpose of the act dealing with veterans of the second world war, the years following the first four years in these institutions were considered as being the first, second and third years of university. The regulations will be made in such a way as to adapt the legislation to the existent circumstances under each provincial educational system.

The Chairman: Shall the clause carry?

Mr. Macdonnell (Greenwood): No. I do not think the minister has given a satisfactory answer, certainly not as far as I am concerned, to the arguments we have made. I would remind him that in one of the budget bills of the Minister of Finance, if my memory serves me correctly, a change was made in a somewhat similar situation extending the operation of the bill.

Let us look at this case. The minister's answer to the arguments, as far as I understood it, was to say—and I am glad that this is so—that in bringing in the legislation we are stepping out ahead of other countries. That is very satisfactory, but it seems to me that merely because we are a step ahead of other countries is no reason why we should get off on the wrong foot. So far as I am concerned he said nothing to answer our comments. He merely said: "We will see how it has gone at the end of another year, and if we want to amend it we can". But if in fact these arguments, which I am glad to point out were not made wholly by the opposition, have weight, then why in heaven's name can they not be considered now?

So far as I can see they have not been considered. We are getting very near the position in the house where those of us in the opposition are merely expected to bow the knee. There was a time, even during my short experience in the house, when suggestions from this side of the house were considered and adopted. It has happened before and, as I have said, it happened in connection with the budget bills. I would think there is a very reasonable case for the minister holding the bill over until after the dinner hour in order to see if he cannot give some effect to the suggestions that have been made, or else answer them and point out that they are wrong, which certainly was not done.

Section agreed to.

On section 3—*Minister may make allowances and pay costs.*

Mr. Knowles: Will the minister clear up a point that seemed to be a bit confusing as we listened to the speeches on second reading of the bill? Does the legislation provide for both an allowance of up to $25 a month to a student and payment of tuition and other fees?

Mr. Lapointe: It provides for both.

Mr. Harkness: I should like to ask the minister what is meant in subsection (b) by "pay in whole or in part". In view of the answer he has just given, why is it "in part" if the whole cost is going to be paid?

Mr. Lapointe: I think it is purely a question of discretion. I believe the same wording was used in the other legislation, but the intention is to pay the tuition and the allowance. Just why it is "in whole or in part" I really cannot say. It might be that a student would be getting a scholarship under another scheme. For instance, there is the case where a student gets a scholarship under the youth assistance act to which the federal treasury contributes. Such a scholarship might be taken into account in considering the amount of fees, if that scholarship were paid directly or were contributing to the payment of tuition. It is contemplated that this act should operate in a similar manner to the old veterans act.

Mr. Knowles: Is it necessary to read (b) of section 3 with subsection 2 of section 4? When I put those two together, I wonder whether it is the intention of the government, by regulation, to prescribe the extent to which tuition fees would be paid, or could we now have the assurance of the minister that tuition fees will be covered in full, except in cases where there is a scholarship?

Mr. Lapointe: That was just an example I gave. The cost that it is felt should be determined by regulation is again based on the same system we followed previously. I think there must be certain restrictions, otherwise students might take other things with their courses for which we would have to pay extra fees, and which would not be part of the curriculum they must follow to obtain a certain degree.

Mr. Knowles: In other words, a limitation is going to be imposed?

Mr. Lapointe: Let me give an example to illustrate this point. Suppose a student were taking science, and his tuition fees were paid for science. Suppose that he wanted, in his spare time, to follow some lectures given in the medical school to the medical students. We would hardly be expected to pay for his university training in two separate courses.

Section agreed to.

On section 4—*Amount of allowances.*

Mr. Brooks: I am not altogether clear, but I understand that the tuition fee is paid. What about books that are required?

Mr. Mutch: The bill refers to other fees and costs as may be prescribed by regulation. It could be stretched to cover that.

Mr. Brooks: The only amount we are sure he will be obtaining is—

Mr. Lapointe: Registration fees, tuition fees, yearly fees and dues.

Mr. Brooks: And $25 a month is paid outside of that?

Mr. Lapointe: That is correct.

Mr. Brooks: Out of that he has to pay his board, clothing, travelling expenses and so on. That was my understanding of it when I read it before. I do not think it is enough.

Mr. Green: How was this figure of $25 reached?

Mr. Lapointe: The figure was arrived at after investigation into the average tuition fees in universities throughout Canada. We were advised that the average tuition fee was around $300. Of course there may be some cases where it is considerably higher, and on the other hand there are some faculties in some universities in which it is lower. To that amount was added $25 a month for the academic year, making the amount roughly $500.

Mr. Green: On an eight months' basis?

Mr. Lapointe: Yes; that is the average academic year in a university.

Mr. Knowles: Is it not nine, in view of the reference to 36 months or four academic years?

Mr. Lapointe: No. The reason for the 36 in there is, as I understand it, that nurses are on continuous training for 36 months.

As I was saying to the hon. member, we calculated an average of roughly $500 per student, and this was discussed with various authorities. I might point out that that is the amount mentioned in the Massey report. That commission recommended that, on the basis of need, bursaries of $500 a year should be given. In this case the element of need does not enter into the calculation, but the average amount of $500 was arrived at and that is what set the allowance at $25 per month for the academic year.

Mr. Fraser: When the Massey report was drawn up the dollar was worth a lot more than it is today. It is only worth 50 cents now.

Mr. Lapointe: I do not think I could add an escalator clause to this bill, based on the cost of living index.

Mr. Green: What was the amount payable to a single veteran?

Mr. Lapointe: The tuition fee plus $60 a month.

Section agreed to.

On section 5—*Age limit.*

Mr. Knowles: When one first looks at section 5 it seems reasonable in that it imposes an age limit of 25 years. But I wonder if there are not too many limitations of that kind in this bill. For example, in section 4 we have limited this assistance to four academic years. Likewise, when we get to the next section there is a limitation, at least in so far as those who completed their matriculation before the coming into force of this act are concerned. I wonder if we are not running the risk of denying the benefits of this legislation to the children of veterans who might profit from it, and whose profiting from it might lead to the good of the nation. Surely there will be people 23 or 24 years of age now, who might desire assistance for a four-year course. This clause imposes an additional limitation. I have no objection to the limitation of four

years, but I wonder if it is fair to have both the four-year limitation and the limitation of 25 years of age?

Mr. Lapointe: I think there are very few children of veterans of the second world war at the present time who have reached 23 or 24 years of age and who are still in high school. Most of them will have chosen another place in society than going to university. I hardly think there would be any cases such as the hon. member suggests.

Mr. Knowles: It is true that they might already be out of school. However, the act does contemplate the possibility of such children, who completed their matriculation 15 months ago, re-entering school. What bothers me about the section is that it leaves no latitude at all to the minister, whereas in some other section, where I am not sure it is necessary, discretion is left to the minister. So far as this matter is concerned, even if the minister comes upon a deserving case such as the type I have described, he will be prohibited from assisting that student by the ironclad provisions of this section.

Section agreed to.

Section 5 agreed to.

On section 6—*Time limit.*

Mr. Nowlan: With respect to clause 6, this limitation of that few months is bad, particularly in subsection 2. Clause 6 provides that, when this bill passes, anyone who has qualified himself must start to school within 15 months thereafter. Then there is also provision that at any time hereafter—years from now, as long as this section is in force—the student must commence his course of higher education within 15 months following his matriculation.

I wonder what is the basis for that strict limitation. The minister admits, and it is obvious, that the grant of $25 a month is simply a grant in aid. It is simply to help him to carry the load, and it is not nearly enough to enable a student to enter college or to carry the full load himself. In other words, this act envisages the necessity for students earning money. If they do not earn money, they will not be able to take advantage of the act because $25 a month will not enable them to carry it.

I am thinking of boys whom I know who have left high school, have stayed out for two years working in a bank, and then have gone to college. One of them, if I may make a personal reference, was my own boy. I am sure he was a much better student in college because he decided to stay out for two years and work. Having spent two years in the bank he decided to go back to school, and he is in college today. I mention that case as an illustration. I am sure there are tens of thousands of boys and girls who stop after high school and go to work, and then decide to go on to college. But under this section they will be precluded from doing so.

There is, of course, an escape clause which is not very wide. The section contains the phrase "because of ill health or any other good cause". Of course "good cause" is fairly general, but I suggest it is fairly well limited with those words "ill health". In other words, if a boy is sick he can go to school two or three years later and still get assistance. But under this act, as I say again, the boy has to go to work to earn enough money to go through school; yet if he does not start within 15 months he loses the benefit of the act entirely unless the minister exercises discretion, a gate which is not too wide open to him, and I am sure he does not want it to be too wide open. I think we are making it altogether too narrow, particularly in subsection 2, with respect to students who go on; I think they should not be limited to 15 months, but that this provision should be widened to two or three years.

Mr. Lapointe: All I will say, Mr. Chairman, is that the 15 months referred to in that section is the delay which was given, or which would have been given, to the veteran, the father. That was the delay which was mentioned in the veterans' legislation on education, and it is exactly the same period. In the other act there was also ministerial discretion as there is in this one. My experience since I have been minister is that it was sufficient to give relief in cases where there was real reason that it should be extended. It has been my privilege to do so at various times, and it has also been my duty to refuse it at times when I did not think it was justified. But generally speaking, no really serious problem has arisen.

Mr. Nowlan: Is the minister not making a slight error when he says that this legislation is the same as the veterans' legislation? Under the veterans' assistance they got much more than $25 a month.

Mr. Lapointe: I am saying that the delay of 15 months was the same period which the veteran had. He had to decide on his university training within 15 months of his discharge unless he was able to show cause for delay.

Mr. Nowlan: But the veteran could go on and get paid his allowances and do reasonably well. Here any boy or girl has to earn

money, and is not in as good a financial position as was the veteran. It is for that reason that I think the 15 months should be extended.

Mr. Fraser: I should like to ask a question of the minister. In the act we find this language: "who completes his matriculation". Does that mean senior or junior matriculation? In some cases universities will accept junior matriculation and allow them to go into the arts course.

Mr. Lapointe: I would say it is junior matriculation because students can enter university after junior matriculation, generally speaking. They can also obtain their senior matriculation at high school and save the first year of the arts course, as I understand it.

Mr. Fraser: That is what I wanted to bring out. There might be some who thought this was junior matriculation and wondered whether this act would allow them to go to university.

Mr. Lapointe: Yes.

Mr. Fraser: They might not be able to afford it otherwise.

Mr. Mutch: That brings me to my feet to point out to my friend the hon. member for Winnipeg North Centre, who checked me about the collegiate institute in his own province, that it is possible to take first year university on completion of matriculation, and be admitted to the second year university. That is what I referred to when I said that if they took their first year university then and there it can be counted, and I still think that is right.

Mr. Knowles: I am glad the parliamentary assistant has made that clear. Now at least we are talking about the same thing. We understand that assistance under this act would not be available for vocational training in Winnipeg for that portion which is of high school standing. What he was saying, and has now corrected, is that if you stayed on there for work that is post-graduate, that portion would qualify.

Section agreed to.

Sections 7 to 11 inclusive agreed to.

Schedules A and B agreed to.

Bill reported.

Mr. Deputy Speaker: Shall this bill be read the third time now, by leave?

Some hon. Members: Next sitting.

[Mr. Nowlan.]

CANADIAN FORCES ACT

AMENDMENTS TO NATIONAL DEFENCE ACT, DEFENCE SERVICES PENSION ACT AND CANADIAN FORCES VOTING REGULATIONS

Hon. R. O. Campney (Associate Minister of National Defence) moved the second reading of Bill No. 332, respecting the Canadian forces.

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

Mr. D. S. Harkness (Calgary East): Mr. Speaker, before we give second reading to this bill I think the minister should perhaps make a statement in connection with it.

Mr. Campney: Mr. Speaker, this is an amending bill. It amends two statutes and a set of regulations affecting service personnel. In speaking to the resolution on April 2, as reported at pages 3550, 3551 and 3552 of *Hansard* the Minister of National Defence (Mr. Claxton) generally reviewed the contents of the bill which was later presented to the house. I think he covered all the salient points in the bill. The sections of the bill are not all related to each other nor to one specific matter. It would probably be more helpful to hon. members—or at least I hope so—if we were to go into committee and I were to explain the various sections as we come to them.

Mr. Harkness: I find it extremely difficult myself to speak on second reading as far as this bill is concerned because the only principle I can see in it is the principle of amending the Canadian Forces Act. There are at least four distinct matters involved. One makes it possible for Canadian military courts to try offenders against the laws of the country in which a military force happens to be stationed. The transfer of custody of offenders is the second one. So far as the first of these is concerned, the general principle is one that probably everybody in the house would be agreeable to, namely that Canadian courts should have the power to try Canadian personnel serving in Korea, Germany, Japan or wherever it may be. In regard to that and in regard to this matter of transferring offenders from civil custody to military custody there are several points which do not, on first reading at least, appear to one as being entirely reasonable, and some of these require a fuller explanation.

As I see it, one regulation in particular makes it possible for a soldier who has been found guilty on two or more counts—although the conviction on one of these counts may be quashed by a higher authority, or by an

appeal, or by anything else along that line and therefore the sentence which is awarded is quashed also—to receive whatever sentence the army authorities deem reasonable for the charge which was not quashed. Under that provision it is made possible for the soldier to be awarded a heavier sentence for the one charge that is not quashed than he received for the two or three offences for which he was sentenced in the beginning. That does not seem quite a reasonable proposition. Perhaps the minister will have some explanation for that particular matter.

Then the Defence Services Pension Act is also a matter which is quite technical, and perhaps it is no use to say anything about it at this moment.

The fourth matter dealt with is the voting regulations for the Canadian services. In connection with this I hope the minister will be prepared to tell us, when we get into committee, how the lists of service voters are to be prepared; whether they will be available; how the candidates can secure lists of the service voters who will be voting in their particular constituencies, and to what extent national defence headquarters and command headquarters will be required to co-operate in providing these lists. I trust he will deal with questions of that nature.

Mr. G. C. Nowlan (Annapolis-Kings): The last speaker has said that several specific matters of legislation are included in this one bill, and it is pretty hard to discuss the underlying principle affecting it because there are at least four underlying principles contained therein.

A moment ago the hon. member for Calgary East (Mr. Harkness) referred to the voting regulations and asked certain questions with respect to them. I am glad to see that the Minister of Citizenship and Immigration (Mr. Harris) is in the house, because I am quite sure he will have to reply to the last speaker that if this bill passes in the form in which it now is it will be impossible to answer any of these questions, since no one can tell what will be done in that situation.

There is a matter of principle here, Mr. Speaker, to which some reference should be made. Some time ago this house appointed a special elections committee, which gave a great deal of detailed consideration to the revision of the elections act. I am not sure how many times that committee was organized before I became a member of it in 1951. If my recollection is correct, that committee sat in 1950, and in other years. However, it did not complete its work to the extent that it could report. In 1951 the committee sat for many, many weeks. We had numerous sessions. The evidence was printed. I think hon. members will agree that the committee worked reasonably hard. Among other things we considered were the defence voting regulations. Finally we achieved a unanimous report, recommending a certain procedure which should be carried out. For the first time it was thought we had the basis whereby the candidates who might be involved in an election, the service personnel who were voting and the government which was responsible might all feel there was some reasonable hope of the matter being worked out satisfactorily and well. The report came into the house and was accepted, and finally legislation was passed which was based on the committee's report.

I suggest that when you look at the regulations, when they are before us in committee, you will find that all the work which was done by this committee has been scrapped, and we are back again somewhere below the surface. It is hard to understand what has taken place. We had provided for certain forms, for instance, that should be completed. We regularized the matter in two different ways. In the first place, provision was made for those who were then in the armed forces—that was 1951—to complete certain forms within three months after the act came into force. That was form 50. We also went further and said that once a year every year thereafter they would change the form. That was to provide a revolving situation so they could adjust to changing circumstances. Then we had another form for those who came in after that date.

Therefore the mechanism was set up so that the whole matter was put on an orderly basis in 1951, and from then on presumably it would work in that way. If the department carried out its responsibility under that act, one would assume there would be no necessity for changing the act now; but as the matter stands—and this will appear in the committee when we come to the bill—we will find that all these things have been changed. Instead of this work being done in 1951, as it was supposed to have been done, it now can be done up to the date of dissolution, whenever that may be, and if it is not done by then it will be done up to the election date.

I do suggest, Mr. Speaker, that a principle is involved there, in so far as legislation which was considered as carefully as this was, which we now find to be virtually repealed and scrapped, and which is to be dealt with in the house now when we are almost within the shadow of prorogation. Some very definite

explanation must be given of that. I think it is not a principle which this house should accept nonchalantly. All of that work should be not scrapped without more of an explanation than the very casual one that was given here this afternoon. I do not want to go into detail on this now, because it is a subject that can be dealt with in committee.

I would ask you to call it six o'clock, Mr. Speaker.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

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

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Beaudoin in the chair.

Section 1 agreed to.

On section 2—*Offences out of Canada.*

Mr. Harkness: This section uses the following language:

> An act or omission that takes place out of Canada and would, under the law applicable in the place where the act or omission occurred—

That is, the country in which our troops were stationed.

> —be an offence if committed by a person subject to that law, is an offence under this part, and every person who is found guilty thereof is liable to suffer punishment as provided in subsection two.

Is there any loophole or provision whereby that which might not be an offence in Canada, but would be in a country in which our troops were stationed, would not be looked upon as an offence if committed by one of our troops stationed there? I am thinking particularly of liquor laws and things of that kind, which constitute a problem in every province of Canada because the laws differ from province to province. Let us consider particularly troops of ours who might be stationed in a Mohammedan country where liquor is not allowed. What provision is there to cover a situation of that kind?

Mr. Campney: Mr. Chairman, under the circumstances outlined by the hon. member we would not have to prosecute. This section is in the interests of our own troops in Europe and other countries so that, by the enactment proposed herein, we may make the laws of another country part of the law which we can administer. We do this by giving our service tribunals authority to deal with offences committed by our service personnel against that law rather than have such offences dealt with by the criminal courts of that country.

This becomes important because in our treaty with West Germany, in our NATO treaties and in countries such as Japan where, as yet, we have no arrangement in this connection, the section gives us jurisdiction pursuant to which we could deal with these matters. I understand that under the West German treaty we will be required to administer the law of that country in accordance with its tenor. Under the NATO agreements, if it is an offence under our law we have concurrent jurisdiction. In other countries we have the right to negotiate, the idea being that we take all possible power to handle in our own military tribunals all offences which may occur by reason of the activities of our forces in those countries.

Mr. Harkness: I am in full agreement with our having power to deal with such offences in our own military courts. I believe that is an extremely important move. The only point that concerns me is something which might be considered an offence in another country, one in which our troops might be stationed, but which would not be an offence in this country and subject to punishment. I am thinking particularly of sumptuary laws, and things of that kind. In other countries there are laws which we would consider quite peculiar. It would seem to me unreasonable that a soldier serving abroad and living in the way he was accustomed to live in Canada, but breaking a sumptuary or other law which would not apply here, should be subject to military discipline under this section.

Mr. Campney: If military personnel are to be dealt with on the basis of offences under the law of the receiving country, then it seems to me it is better for us to have power to deal with them ourselves. Otherwise that country would have power to deal with them, and might regard such offences far more seriously than we do. We would deal with the situation in the light of our own legal background.

Mr. Harkness: I would agree with the minister so far as that is concerned, that it is much better for us to have power to deal with them ourselves. I think there is no argument on that point. My only thought was that we might have an amendment whereby a man who broke a law such as I have mentioned in a foreign country, but had committed an act which would not be considered contrary to law in this country, would not as a result be liable to military punishment.

In subsection 2 it says that where a service tribunal finds a person guilty of one of these offences—

—the service tribunal shall impose the punishment in the scale of punishments that it considers appropriate, having regard to the punishment prescribed by the law applicable in the place where the act or omission occurred and the punishment prescribed for the same or a similar offence in this act.

And the explanatory note say this:

This is necessary because foreign law in some cases makes provision for types of punishment unknown to Canadian law.

I think there is another basic objection to subsection 2, in that the scale of punishment is not definitely set down. The scale of punishment laid down here will be what the tribunal considers appropriate. In other words it places much greater power in the hands of a military tribunal than resides in an ordinary court of law under any other circumstances; because a judge or jury, or whatever the case may be, in an ordinary court of law, or a court martial in respect of a military tribunal, can impose only those punishments which are definitely laid down. In this case the military tribunal is put in the position where it decides what the scale of punishment shall be. That is a basic weakness, and the sort of thing which should be avoided if at all possible.

Mr. Campney: Perhaps I should point out that, as provided in subsection 4, any offence that is within the code of service discipline, and also against the law of the country in which the troops are stationed, can still be tried under the code of service discipline.

Replying to the hon. member, I would point out that in my view where subsection 2 refers to a punishment which a service tribunal considers appropriate, having regard to the punishment prescribed by the law applicable in the country in which the troops are located, it means that our service tribunals would take cognizance of the laws applicable in our own country to such offences as well as in the country where the offence was committed. It does not say that our military tribunals must apply the penalties which would be applicable to people within that country who committed these offences; it is the penalty which the tribunal considers appropriate, having regard to all the circumstances. When you are dealing with offences under the laws of another country which are foreign to our laws, I do not think you can very well set out a scale of punishment. I think it must be left to the service tribunal. The point is that we have endeavoured to give as wide a jurisdiction as possible to our service tribunals.

Mr. Harkness: I can understand the difficulty of laying down a definite scale of punishments, but I would think this section would be much safer if an addition was made to the last phrase. This reads:

—the punishment prescribed for the same or a similar offence in this act, the Criminal Code or any other act of the parliament of Canada.

I suggest that the words "not greater than" should be added before that phrase. As it stands now, the scale of punishment is entirely in the hands of the tribunal. What tribunal A might think appropriate might be only half as much or might be twice or three times what tribunal B might think was appropriate. In other words you are going to have a great deal of variation if you leave it in the hands of the particular tribunal.

Mr. Campney: May I point out that in this section we are dealing with offences which are not offences under our laws; they are offences only under the laws of the country where the troops are located. I do not see how we can apply an exactly parallel construction to that obtaining in our own Criminal Code. I might observe that in any event the punishment meted out by the service tribunal under this section would be subject to review the same as any other sentence.

Mr. Harkness: I do not quite follow the minister when he says that this is for offences which would not be offences in Canada. If that is so, why put in the words "punishment prescribed for the same or a similar offence in this act, the Criminal Code or any other act of the parliament of Canada"? Those words make it quite definite that what is envisaged here is the meting out of punishment which will be similar to the punishment prescribed by the Criminal Code, or any other act of the parliament of Canada.

Mr. Campney: I think those words are used simply to direct the attention of the service tribunals to our Canadian law. It is a recognition of the fact that the offences will not be similar but that some guidance may be obtained from the Criminal Code. When the offence committed is somewhat akin to that covered by the Criminal Code, the service tribunal is directed to look at it and have regard for it.

This section deals with an admittedly difficult and unusual situation. In the interests of our own service people we are trying to enact a situation which will give us as wide jurisdiction as possible. I do not think we can very well lay down anything too specific in the way of punishment for crimes committed in other countries, which may be similar to crimes in this country or quite different.

Mr. Fulton: The difficulty is obvious, but does it not leave the military tribunal in a rather impossible situation? They are going to be asked to deal with cases which may be very serious from the point of view of the country in which they are committed, and which may not be recognized as offences from the point of view of our laws. I imagine that we are desirous of maintaining good relationships with these countries; and if a tribunal should impose only a nominal sentence, the country in which the offence was committed might be extremely offended. Then in what position would the tribunal be left?

It seems to me that all sorts of pressures might be brought to bear upon the tribunal in a country where the senior officers might be trying to maintain not only good discipline but good relations with the authorities of the country. Pressures might be brought to bear on tribunals to impose sentences for that purpose out of all proportion to the seriousness of the offence in the eyes of purely domestic Canadian law. The tribunal is going to have no defence, no backing which it might have by the simple provision of maximum sentences. They would then have the opportunity to say, "We have tried this offence, we regard it as serious, but the maximum penalty provided in our act is so and so."

It seems to me that it would be open to all sorts of misunderstandings and the possibility of the creation of ill-will if a tribunal simply imposed a nominal sentence, or what was regarded as nominal in the eyes of the country in which the offence was committed. That country might consider that the Canadians were treating it as a joke when they regarded the offence as serious.

The tribunal should be in the position of being able to say, "We will try our soldiers", or whatever rank it may be, "for having committed this offence, but the maximum penalty provided by our act is so and so." Then the authorities of the country in which the offence was committed could not say that the tribunal was treating the matter as being merely of petty importance and just going through the motions of a trial. It seems to me that it places the tribunal in a most difficult position. It is placing what is in effect a court of law in the position of being an instrument of diplomatic relationship, and I do not think a court of law should ever be placed in that position.

The minister has the judge advocate general in front of him, and I would ask him if he does not think it possible to examine the laws of the various countries in which Canadian troops are operating and work up a scale of punishments for offences against the laws of those countries which are not offences against the laws of this country. Something could be worked out so the tribunals could have a guide.

Mr. Campney: It is the opinion of the officials who have studied this situation that to attempt to set up any code of maximum punishments to fit the different countries in which we have or may have troops would lead to complete confusion. I think what actually will happen in the cases which come before our military tribunals under this section is that the tribunal will look at the offence in the light in which it is regarded in the country where it takes place. If there is anything in the way of a parallel crime under our Criminal Code, the tribunal can consider that; but the tribunal will have to take the responsibility, having assessed these things, of deciding what is the proper punishment to mete out in the case of a particular offence. It is not anticipated that this section will apply to too many countries, and it is felt that we cannot do more than, as it were, rely on the sense of appropriateness and fairness and understanding of the military tribunals. They will be operating outside the ordinary type of jurisdiction entirely.

Mr. Fulton: What are the provisions of the corresponding legislation in the United Kingdom and the United States whose forces are also in large numbers in countries other than their own?

Mr. Campney: I am informed that so far as we know neither of the jurisdictions to which the hon. member refers has formulated laws in this particular.

Mr. Fulton: Why do we hasten to expose our soldiers to the possibility of being tried for offences in foreign countries which are not offences against Canadian law if neither the United States nor Great Britain has done so?

Mr. Campney: The reason we are taking this step is to hasten to provide, as far as we can, that the substantial number of troops which we have abroad are not tried for offences by foreign courts but by our own tribunals. This section, as far as we are able to make it, is entirely in the interests of our military personnel.

Mr. Fulton: Does the minister say that United States troops and British troops are now tried by civilian courts in the foreign countries in which they may operate? Take the case of Germany, where all three countries have troops operating.

Mr. Campney: As to Germany, I understand that United States and British military personnel still come under the terms of the occupation. They are not in the same position at all that we are. So far as Japan is concerned, without dwelling on it too much I understand that since the Japanese treaty was ratified the Americans have been experiencing a good many difficulties. We have tried in Japan, and so far have succeeded, in avoiding jurisdictional difficulties. As we are going to be asked to approve treaties to enforce the laws of the countries where our troops are stationed in respect of offences against their own laws, we feel that we ought to be in a position to do that. All this section does is put us in that position. Otherwise we have no jurisdiction at all. This provision puts us in a position where, to the extent that we can under our treaties or by arrangement or in any other way secure jurisdiction, we will be in a position to assume that jurisdiction.

Mr. Fulton: Then I take it from what the minister says that neither United States nor British troops are liable to be charged with offences against German law, and Canadian troops are.

Mr. Campney: No.

Mr. Fulton: Does that arise from the fact that we were kicked out?

Mr. Campney: They are not subject to German law now, but I think we are the first nation that has not had any proper arrangements to meet the situation, which will shortly arise.

Mr. Fulton: It arises out of the fact we were kicked out.

An hon. Member: Oh, now, now.

Mr. Fulton: What do you mean, "now, now"? It must arise out of the fact that we were kicked out or left out of the occupation arrangements.

Mr. Lesage: What brilliance.

Mr. Campney: I understand that at present we are under the same regulations as the British and Americans and have the same rights; but that will probably end for all of us soon and we want to be in a position to protect our troops to the maximum possible for us to do so when the situation changes.

Mr. Fulton: What are these other two countries doing about it?

Mr. Campney: I do not know that I want to develop what they are doing about it. We are trying to look after our own interests.

Mr. Gillis: I am not going to argue points of law with a Rhodes scholar, but having read the section and the explanatory notes it is my opinion that it does just the reverse of what the hon. member is arguing.

Mr. Fulton: You are so often wrong that it does not worry me.

Mr. Gillis: Following the hon. member's line of reasoning, if we had troops in Ethiopia and it was the law there that toenails had to be pulled out with a pair of pliers, his argument would be that we should amend our law to make it necessary to pull out toenails also.

Mr. Fulton: I knew you would misunderstand. That is why I was not concerned with what you said.

Mr. Gillis: What the hon. member said was that if we had troops in another country it would look kind of bad to that country if we were rendering decisions that were not in accordance with the laws laid down in that country. That is what I understood him to say.

Mr. Fulton: The section would provide for putting our troops under Ethiopian laws, and I object to putting our troops under their laws at all. You want to have their toenails pulled out, and I don't.

Mr. Gillis: That is exactly what you were arguing. You may have been thinking the opposite, but I understood you to say that. An act was passed in this house in 1946, I think it was, making United States troops immune with respect to our laws. It provided that in the event such troops stationed in Canada committed an infraction of our laws they would be tried by their own tribunals and in accordance with the laws of the United States. I think this provision protects our troops who serve abroad. If they commit an act contrary to the rules and regulations as we lay them down, then they will be tried in these countries by our own tribunals, which will be guided by the wording of this section in meting out punishment. In so far as possible punishment will be as laid down in this legislation or according to the Criminal Code. With troops all over the world, I think it is good protection. I would not want to see the boys in Korea tried under Japanese law.

Mr. Fulton: That is what you are giving them here.

Mr. Gillis: I think it is protecting them against that.

Mr. Fulton: You are applying Japanese punishment.

Mr. Gillis: The explanatory notes are very clear.

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

The Chairman: Order.

Mr. Gillis: The explanatory note to subsection 2 of the new section reads as follows:

> Subsection 2 of the new section would authorize the imposition of suitable punishments for such offences. This is necessary because foreign law in some cases makes provision for types of punishment unknown to Canadian law.

Mr. Fulton: Read the first subsection.

Mr. Gillis: That has to do with the section under discussion, and I think it protects Canadian boys serving in other countries in that they are not going to be subjected to punishment laid down by the laws of other countries. I think the hon. member for Kamloops is a bit twisted.

Mr. Fulton: Would the hon. member permit me to read him the first subsection of this section; and would he also permit me, although a Rhodes scholar not claiming any special knowledge by that fact, to point out to him what is a rule of the house and of every court in Canada, namely that it does not matter what the explanatory notes say. It is what the act says that counts when you are in court, and subsection 1 of the proposed section reads as follows:

> An act or omission that takes place out of Canada and would, under the law applicable in the place where the act or omission occurred, be an offence if committed by a person subject to that law, is an offence under this part, and every person who is found guilty thereof is liable to suffer punishment as provided in subsection 2.

Acts or omissions committed by Canadian troops in other countries, even though those acts or omissions are not offences against the laws of Canada, are now going to be offences under this measure if the bill becomes law, and they will be punished by an act of the Canadian parliament. Perhaps the hon. member would deal with that situation, quite apart from the fact that the explanatory note to subsection 2 deals with something which is not law but merely an explanation made by the department.

Mr. Johnston: I have a problem that I think should be dealt with at this time. I notice that the legislation is referred to as the Canadian Forces Act. The minister will recall this particular problem because I have taken it up with him. It has to do with the navy rather than the army. In this case it was an offence committed by Canadian forces. From what information we have, it would appear that two Canadian navy boys from the ship *Crusader* were on leave in Hong Kong. They were arrested for being in possession of arms without a licence, and one was sentenced to 18 months while the other was sentenced to 12 months.

When I took this matter up with the minister he was good enough to make some investigation of it. He wrote me a letter

explaining in part the difference between the two sentences, the one of 18 months and the other of 12 months. I think perhaps I should put on *Hansard* a clipping from the newspaper so hon. members will have the information before them.

The Chairman: Order. Before the hon. member reads that newspaper clipping, I want to ask him in all seriousness if he thinks it is proper for him to bring individual cases to the minister's attention under this section. We are now discussing section 2 which is related to an examination of offences committed by our troops abroad. I know that the offence to which the hon. member was referring occurred in Hong Kong, but it looks as if the sentence had been passed. Here we are studying future cases. I think it would be more appropriate for the hon. member to bring up this case when the supplementary estimates of the Department of National Defence come before the committee.

Mr. Johnston: May I say to you that the clipping is not commenting on this legislation at all. It deals with an offence committed by Canadian troops in a foreign land, and that seems to me to come under this section.

The Chairman: I was not complaining about the clipping itself; I was just complaining about the fact that the hon. member is introducing individual cases which, apparently, have been dealt with by the court in Hong Kong, and in which sentence has been passed. Here we are dealing with a section contemplating future cases and offences committed abroad.

Mr. Johnston: What I am endeavouring to find out, Mr. Chairman, is whether or not this legislation will cover a case such as I have in mind. If it does not, then I think possibly some amendment to the legislation should be introduced now. Otherwise we are going to get into the same difficulty. The only reason I am trying to put this clipping on *Hansard*—I have already shown it to the associate minister—is that I was about to make some comment on the difference between the two sentences for the same offence. Then when I had read this clipping I was going to point out that while one sentence was for 18 months and the other for 12 months, the civil court in Hong Kong had reduced the 18 months sentence by 2 months. The minister explained to me that there was a mistake in the newspaper clipping, and that there had been a reduction of 2 months in the 18 months sentence. This brought the one sentence down to 16 months, while the other sentence remained at 12 months, and both sentences were for exactly the same offence.

The ridiculous aspect of the case, Mr. Chairman, is that a civil court in Hong Kong can take possession of two of our boys in the Canadian navy and impose entirely different sentences upon them for the same offence. In this particular case the lieutenant commander in charge of H.M.C.S. *Crusader* objected to this procedure. He used every means that was available to him to persuade the civil authorities in Hong Kong to turn these boys over to him for punishment. He could not do that because the authorities would not listen to him. We have, therefore, these two boys—particularly this one from Drumheller—serving sentences in Hong Kong which were imposed by a civil authority, yet apparently our own naval forces are supposed to administer justice to our own boys when they are in a foreign land.

It seems to me that, if necessary, this legislation should be amended to take care of such cases. I would ask the minister just where the justice comes in if our forces serving in a foreign port—I do not suppose you could call Hong Kong a foreign port, because it is a British possession—are subject to the jurisdiction of the foreign civil authorities and we have no say whatever over that. In my judgment the two sentences have no relation to the crime at all. Surely our government here should do something about this. I know the minister is concerned about it. He told me there were some doubts in his own mind as to just how much power the Hong Kong civil authorities had to deal with our forces.

I wonder if the minister would explain what has taken place in connection with that case, and what is going to be done in such cases in the future. If it is necessary to have some revision of this legislation in order to deal with such cases, then I think this is the time that should be done. Will the minister comment on that?

Mr. Campney: Mr. Chairman, the hon. member discussed this case with me, and I may say that representations are being made concerning it. I do not think I gave him the impression, at least I hope I did not, that we could by unilateral action do anything about it. Jurisdiction to try these two sailors did exist in the courts in Hong Kong. This section which we are discussing goes about as far as this parliament can go to put our service personnel in a position to make arrangements with a colony such as Hong Kong with regard to the handling of our own criminal cases. Without this section we have nothing to stand on at all. We have no jurisdiction even if they handed the men over to us. This section represents a step toward meeting the situation, and there is another step provided in the next section.

By ourselves we cannot legislate a colony or another dominion out of its own criminal jurisdiction, but unless we take unto ourselves the right to deal with our own service personnel, as this section endeavours to do, we could not even ask the other colonies or dominions to give us jurisdiction.

Mr. Johnston: The minister maintains that by passing this section provision will be made to enable us to deal with these cases?

Mr. Campney: We shall try, with the authority given, to negotiate arrangements in these cases to handle our own personnel. You cannot do it arbitrarily, but we would have under this section the jurisdiction if they will negotiate.

Mr. Quelch: Has the minister any reason to feel that any foreign power will agree to this legislation we are passing? Unless they will agree to it, it seems to me it is worthless.

Mr. Campney: As I understand it, under the arrangements which now exist with regard to Germany we will be charged with the administration of their criminal law as affecting our troops. Under the NATO status agreement I think we will have concurrent jurisdiction over our forces in that respect. In countries like Japan, where I may say we have been quite fortunate in negotiating temporary arrangements from time to time because they have been very co-operative, it will be a case of negotiating permanent arrangements. There will be, therefore, two or three different categories, but all of them rest on the basis that if we do get jurisdiction either by treaty, by mutual arrangement or by negotiation, this section enables us to carry out and exercise the jurisdiction we shall have obtained.

Mr. Johnston: Did I understand the minister to say he was making a further investigation concerning the case I brought before him?

Mr. Campney: Yes.

Mr. Pouliot: I read the words "service tribunal" in lines 15 and 17 of this section. I ask the minister to be kind enough to give us a definition of those two words.

Mr. Campney: I would say, Mr. Chairman, that the military tribunal would be a service tribunal as defined in the act which means a court martial or the person presiding at a summary trial such as the commanding officer, depending on where the jurisdiction rests.

Mr. Pouliot: Is there anything in the act to the effect that a service tribunal would operate only in certain definite countries, or in any particular country?

Mr. Campney: The service tribunal can, I suppose, in varying degrees—depending on treaties and so on—operate in any country where our troops are actually stationed. The extent to which it has exclusive jurisdiction is a matter of treaty or arrangement. It can actually deal with service offences of our troops that are in a country and offences outside of that within varying limits.

Mr. Pouliot: Is there any treaty with one or several countries with regard to the recognition of such a service tribunal?

Mr. Campney: Mr. Chairman, there are conventions. I shall give two or three illustrations to the hon. member. There was a convention concluded with the federal republic of Germany on May 26, 1952. That will come into effect when the Bonn treaty is ratified. It provides—and this would be applicable to our service tribunal—among other things the following provision:

> The members of the forces shall observe German law and the authorities of the forces shall undertake and be responsible for enforcement of German law except as otherwise provided in the present or in any future applicable convention or agreement.

That gives us jurisdiction in respect of their criminal law. The NATO status of forces agreement has a clause in it that gives each NATO country jurisdiction unless the offence is also an offence under our law. That is provided in this section. In some other countries we have a practical working arrangement, as in Japan. So the extent of our status depends on various factors.

Mr. Pouliot: Does Canada have such treaties with all countries, or with only a few?

Mr. Campney: We have the one to which I have referred, namely that with Western Germany. We have one with the 14 NATO countries, and at the present time we are engaged in negotiating one with Japan. I think that is the extent of our treaty effort, as far as I know.

Mr. Pouliot: I will explain to the minister where I am heading. Germany is divided into two parts, East and West Germany. In virtue of the treaty to which the hon. gentleman referred, service tribunals are recognized in western Germany but nothing is mentioned with regard to eastern Germany. We have not any troops there yet. But if a Canadian soldier crosses the boundary between western and eastern Germany and is found guilty by a service tribunal of an offence under the laws of eastern Germany, then this legislation will support the legislation of eastern Germany with whom there is no such treaty as the one which exists with western Germany. Then our Canadian soldier will be found guilty by a Russian tribunal in eastern Germany, in virtue of the laws in force in eastern Germany. That is why I suggest to the minister that he should be extremely cautious with regard to that legislation.

I am sure the department means well, but our soldiers may find that provisions like these may remind them of a double-barrelled gun. It is quite difficult to understand. If the minister cannot say that the service tribunals which can operate under this legislation should be only those of countries which have treaties with Canada, it may happen in other countries with which we have no treaties, and therefore it would be rather embarrassing for the Canadian soldier who may be there. It is true that we have no troops stationed now in eastern Germany, but it is easy for anyone to cross the border. If the one who crosses the border is a civilian he will fall under the law of eastern Germany, and the same thing will happen to the Canadian soldier who may cross the boundary on reconnaissance or otherwise. This therefore shows the minister how careful one must be in drafting legislation of this kind when international matters are concerned. It is an extremely difficult matter.

I would suggest to the minister the redrafting of that provision in order that consideration may be given to the Canadian soldier, the Canadian serviceman, who may have to appear in a country with which we have no treaty and who can be found guilty of any offence in virtue of the legislation of those foreign countries with which we have no binding treaties at the present time. We should be extremely careful about the matter. I am sure that it is enough to draw the attention of the hon. gentlemen to the difficulties that may arise from legislation like this, in order that some change may be made to clarify the legislation.

In addition, Mr. Chairman, one may take advantage of a tribunal that already exists. Military tribunals have existed for all time, from the time crusader King Louis IX of France rendered justice under the oak of Vincennes, from the time of the old warrior kings, to the time of the ordinary courts martial. A tribunal may be very useful upon one condition, namely that advantage is taken of it. What is the use of having military tribunals which decide nothing, as was the case after the notorious loss of the plans of the invasion of Normandy? I referred to that last week. Apparently the matter has not been submitted to any tribunal. What is the use of having a tribunal if offences as grave

as that are not referred to them? There was also the case of the careless officer who had left a top secret document on the upper shelf in the clothes closet of his hotel room. No one knows if he has been punished. Apparently he has not, because if he had been, just as much publicity would have been given to the punishment as was given to the reward of those who corrected that situation.

Another suggestion I make to the minister is that if tribunals are established or recognized, I hope they will be taken advantage of in due course.

The Chairman: Shall clause 2 carry?

Mr. Higgins: It is obvious from this and the preceding section that servicemen will be tried or may be tried by civil tribunals in foreign countries. I am not moving ahead too rapidly, I hope, but there is no provision in the next section for a review either of the sentence or of the evidence. All the original section says is that the punishment will be on the scale that is considered appropriate, but that is before a military tribunal; it is not before a civil tribunal. And as I said before, a serviceman can be tried before a civil tribunal and receive grave punishment for an offence that would not be regarded too seriously in Canada. In the next succeeding section there is no power of review of the sentence of a civil court. There is provision if the offence is committed in Canada, but not if it is committed in a foreign country. I suggest to the minister that there should be power of review, in all such cases, of the evidence and of the punishment before any final decision is made.

Mr. Campney: May I inform the hon. member that under the section we have under consideration, the finding of any military tribunal will be subject to the same review and the same right of appeal to the court martial appeal board, as in the case of findings of military tribunals held in Canada.

Mr. Higgins: I am referring to civil courts in foreign countries. I think they should be subject to appeal.

Mr. Harkness: I am beginning to be a little sorry that I ever started this argument. It seems to me that it is a very dangerous thing for us to incorporate in a section here in the Canadian Forces Act what actually constitutes a contradiction of our ordinary concept of how justice should be carried on. It places in the hands of a court not only the ordinary powers which should always reside in a court, of determining whether a crime has been committed and then imposing the sentence which is laid down by the law, but in this instance it also gives to a military tribunal a legislative power. That is what it amounts to. It has the power of legislating what the punishment for the particular crime committed will be.

It seems to me that is completely contrary to all our concepts of how justice is administered. That is the reason I took objection to it at the beginning, as the minister will remember. I say that is particularly dangerous when you are dealing with the ordinary sort of court martial which is bound to be set up as far as our forces in a foreign country are concerned. As is usual, the court martial set up will be composed of whatever officers happen to be available at the time.

Having been unfortunate enough to be a member of a very large number of courts martial myself, I know that most people who sit on them are not too well adapted to that particular position. It just happens to be one of the military duties which an officer who is present and available has thrust upon him. In these circumstances I say that these military tribunals in most cases will not be composed of members of the judge advocate general's staff or other officers with legal training. It seems to me to be a particularly dangerous principle to put in the hands of that court what you might call legislative powers as well as ordinary powers of administering justice.

I ask the minister whether, when this section was being drafted, the advice of the deputy minister of justice and of the Department of Justice was taken in regard to this particular point especially.

Mr. Campney: The deputy minister of justice and the officials of the Department of Justice were consulted with respect to this section, as well as other sections of the bill.

Mr. Harkness: What advice did the Minister of Justice give in regard to the point I have raised, or was that point raised by him?

Mr. Campney: I am not able to answer specifically these two questions, but the section as it stands was dealt with by the Department of Justice and approved by them. I do not know all the minutiae they considered or what their views were. I should like to say this, that in all countries abroad where we have troops we now have a deputy advocate general who sits on every court martial. He is well versed both in military and civil law. Lastly, I should like to ask the hon. member what would be the alternative to what is proposed. Would he be in favour of handing all our military personnel over to the criminal courts of these countries? Unless we take some action such as proposed that would be the only alternative.

Mr. Harkness: I have already said I am not in favour of handing them over. As far as the language of this provision is going to keep these people in our own hands to deal with, I am all in favour of it. I do suggest to the minister that some words might be put before the final phrase to the effect that the punishment awarded would in no case be greater than that for the same or a similar offence under the military code, the Criminal Code or any other act of the parliament of Canada.

Mr. Browne (St. John's West): While the hon. member for Temiscouata was speaking he reminded me of what seems to be an omission from this section, and it is a very important one. The note on the side under "Part I" says:

> 2. Subclause (1) would add a new section 119A to the National Defence Act. Subsection (1) of the new section would make it possible for Canadian service tribunals to enforce, in respect of members of the Canadian forces, the law of foreign countries where such members are serving.

I take it that is the intention of the section, but when you read the section you find there is nothing in it about where the forces are serving at all. It says:

> An act or omission that takes place out of Canada and would, under the law applicable in the place where the act or omission occurred, be an offence if committed by a person subject to that law, is an offence under this part, and every person who is found guilty thereof is liable to suffer punishment as provided in subsection 2.

That does not say anything about where the person is serving. The hon. member for Temiscouata referred to eastern Germany. But suppose a member of the Canadian forces leaves his billet in West Germany and goes on a tour through Holland, Belgium, France and Italy, and commits an offence in each country. It is not in the place where he is serving. He is not in the country where our troops are serving at all. Yet the act or omission which he commits has taken place out of Canada, and under the law applicable to that place where the act or omission occurred is an offence. Therefore it is an offence against this act; that is what is intended. What you are dealing with are offences committed by troops in countries where they are actually serving. Is that not so? This bill does not cover that at all.

Then the minister said it refers to countries with which Canada has treaties. I should say that it refers to countries with which Canada has an understanding or agreement, because notwithstanding the passage of this bill I think it will be necessary to have understandings with the authorities of the countries concerned that the personnel charged are liable under this act, and will receive due punishment for the crimes committed.

Mr. Campney: This section would give us power to exercise jurisdiction over our own military forces. So far as East Germany and other places of that category are concerned, the hon. member will understand that they would pay no attention to our legislation anyway. We have no troops there and, in any event, they would not recognize our law at all. They do not have to recognize our law, and would I am sure pay no attention to it whatsoever.

Mr. Browne (St. John's West): But to put it another way, perhaps a soldier returning from Korea will come by ship by way of Australia, New Zealand and Honolulu. The same situation would apply there. I suggest that the minister is concerned with the country in which the troops are serving. Why not say that?

Mr. Hunter: Mr. Chairman, may I point out that what the hon. member for Calgary East has suggested is the very antithesis of the meaning of the section. When he suggests that we make the punishment similar to what the punishment would be for similar offences under our law, his suggestion of course was frankly absurd. I am sure he was not serious; because the very purpose of the section is to cover things which are not covered by our law.

I have also listened to the hon. member for Kamloops with some interest. He seems to be appalled that we are introducing new crimes into the act. Of course we are. The very purpose of the bill is to introduce a whole series of new crimes so that we have a point of negotiation with these countries, and can say, "We can try these people, because what has been committed is now a crime under our military law as well." That is the whole purpose of it; and I am sure the hon. member for Kamloops is aware of that. But I do not understand his argument when he brings that forward as a reason for not passing the section.

Then, so far as the argument of the hon. member for St. John's West is concerned, I would say it is simply a question of interpretation of the section. There have been quite a few legal minds working on it, and I would suggest that his interpretation is the wrong one.

Mr. Fulton: Obviously the hon. member has been a commanding officer too long. He loves to introduce new crimes.

Mr. Churchill: Our discussion of the section has to be in general terms. Would the minister give us some specific examples? We are talking about the application of a foreign law to personnel of the Canadian forces, and talking about new types of punishment

unknown to Canadian law. That is the expression we see in the explanatory note.

The section as it now stands, if passed, would give to a service tribunal the opportunity of imposing upon Canadian citizens who happened to be in uniform in a foreign country types of punishment unknown to Canadian law. Could the minister give us some examples that were brought to his attention, or to that of members of his department, when the amendment was drafted? Would he give some examples to indicate the foreign law which differs from Canadian law, and the types of punishment which differ from or which are unknown to Canadian law.

Mr. Campney: I did not make any statement about military tribunals operating under this particular section imposing punishments foreign to Canadian law. This section is to permit military tribunals to deal with offences under foreign law. There are many different offences under the criminal laws of different countries. In arriving at a punishment military tribunals would look at what would seem to be appropriate, having regard to our own Criminal Code and presumably to the type of offence and the punishment in the country in which it was committed. The tribunal would have to arrive at what it considered to be under all those circumstances a proper punishment. I did not say at any time that we propose to administer punishments as contained in foreign criminal codes.

Mr. Churchill: What further explanation would the minister make of that part of the section which says:

—the service tribunal shall impose the punishment in the scale of punishments that it considers appropriate, having regard to the punishment prescribed by the law applicable in the place where the act or omission occurred.

And what is meant by the explanatory note where it says:

This is necessary because foreign law in some cases makes provision for types of punishment unknown to Canadian law.

Mr. Campney: All I can say is that as I interpret the section—and I have said this two or three times—it means that our military tribunals in those cases where they can obtain jurisdiction, by the various means I have mentioned, are to mete out the punishment they consider appropriate, having regard to the Criminal Code or other acts of the parliament of Canada, so far as they can assess and apply them in regard to the offences charged under foreign law.

Punishment under such circumstances is admittedly like any other punishment, even the punishment meted out by the judges in our own criminal courts from day to day, in that it is almost entirely a matter of discretion with the judge in each case. There are various opinions held by various judges. This does not change the basic principle that the judge or tribunal must assume the responsibility for the punishment meted out. All this section seeks to do is indicate to those tribunals, if one can use a general term, that there should be a Canadian type of punishment. Beyond that the tribunal, subject to review, subject to appeal and to all the other safeguards in the National Defence Act, in the first instance uses its own discretion, having regard to all the circumstances.

Mr. Browne (St. John's West): Why is not the minister willing to insert in the section a clause to the effect that where Canadian troops are serving is the only place the service tribunal will have jurisdiction? It will not have jurisdiction over offences committed at points outside of where the troops are serving, or the NATO countries to which he has referred. When our troops were training in the state of Washington was there any agreement with the United States government whereby the Canadian service tribunal could try a man for an offence committed against United States law at that time?

Supposing a man were on leave from England or Germany, and committed an offence in some place such as Ireland or Sweden, outside the NATO countries; would such offences be regarded as offences against the National Defence Act of Canada and render a man liable to punishment?

Mr. Campney: They could be, I suppose; but we would have no jurisdiction in other countries, in any event, in respect of this or any other section.

Mr. Browne (St. John's West): That is not really an answer to the point I raised. Supposing one of our soldiers is on leave in Sweden, a country with which there is no agreement, and commits an offence against the law of that country. Under this section it becomes an offence against this act. Thus the offender is rendered liable to punishment under the act, and trial would be by a Canadian service tribunal. But there is no agreement with the Swedish government regarding that. My understanding from the sidenote is that the amending section is intended to cover an offence where our troops are serving.

Mr. Campney: In the case of an offence committed in Sweden, we could do one of two things. We could not seek to assert jurisdiction but we could go to the Swedish government and say, "We have authority

under our act to try this serviceman; will you hand him over to us?" We could not willy-nilly exercise jurisdiction, but he would be no worse off if he were in our hands. I do not think any person in the services or any other civilian is going to fare any worse by being tried by his fellow Canadians than he would if he were tried by someone else.

Mr. Higgins: Does not the minister feel that there should be the power of review under that section?

Mr. Campney: There is a general power of review under the act which would apply to this section just the same as any other.

Mr. Higgins: The power of review of a civilian tribunal?

Mr. Campney: These are not civilian tribunals at any stage. We are dealing with the military.

Mr. Higgins: You have no review over civilian tribunals; you have no control over civilian tribunals in foreign countries.

Mr. Harkness: In addition to the matter we have been talking about, this section deals with certain other matters. The provision for the transfer of offenders seems to be quite reasonable. Subsection 3 reads:

> Where the court martial appeal board has set aside a finding of guilty but another finding of guilty remains, the board shall forthwith refer the proceedings to the minister, or to such other authority as he may prescribe or appoint for that purpose, who shall
>
> (a) affirm the punishment imposed by the court martial if the court martial could legally have imposed that punishment upon the finding of guilty that remains; or
>
> (b) subject to section one hundred and seventy-five, substitute for the punishment imposed by the court martial such new punishment or punishments as he considers appropriate.

Then in subsection 4 we find this:

> Where an appellant has been found guilty of an offence and the court martial could on the charge have found him guilty under section one hundred and twenty of some other offence, or could have found him guilty of some other offence on any alternative charge that was laid—

There you have the position that the minister or his appointee has the power to substitute for the punishment imposed by the court martial such new punishment or punishments as he considers appropriate. A man might be tried on a certain charge and found guilty. The court martial appeal board finds that he is not guilty of that charge, but they have the power to say that he is guilty of some other charge for which he was never tried, and to award such punishment as they consider appropriate on that other charge. That is not in consonance with the ordinary methods of discharging justice.

[Mr. Campney.]

Mr. Campney: The sections to which the hon. member refers provide merely for the adaptation to the procedure under the Canadian Forces Act of the present procedure contained in the Criminal Code. In other words, to save a multiplicity of trials and for various other reasons these provisions were put in the Criminal Code to allow the court of appeal to vary the charge and to change the sentence. There is nothing new about this; it is simply adopting the criminal practice of our civil courts.

Mr. Harkness: It is not the court of appeal that varies the sentence; the sentence is varied or a new sentence is imposed by the minister or his appointee without the man being heard on that charge.

Mr. Campney: The minister imposes the punishment, but in the other particulars it is the court martial appeal board which acts. Section 175 of the act provides that the minister cannot impose a greater sentence; he can reduce the sentence, but he cannot step it up. I think that is covered in the act itself.

Mr. Harkness: That may be covered in the act itself, but it is not covered by these particular subsections.

Mr. Campney: It does not need to be; it is in the substantive sections of the act.

Mr. Harkness: The minister spoke as though it were the court martial appeal board which was doing this. If the court martial appeal board had heard the appeal and imposed a different sentence than that which had been imposed by the court martial originally, I think that would be in consonance with the general way in which justice is carried on. But it is not the court martial appeal board which does that; it is the minister or somebody appointed by him. I think it would have been better to have left the power of imposing a new sentence in the hands of the court martial appeal board.

The Chairman: Is the committee ready for the question?

Mr. Harkness: Is the minister not going to make any comment about leaving the matter in the hands of the court martial appeal board?

Mr. Campney: My understanding is that the changing or altering of the charge rests with the court martial appeal board, but the punishment is not under the court martial appeal board and never has been. That position runs through the whole chain of sequence. The last appeal with respect to the quantum of punishment is with the minister under the act.

Mr. Churchill: In replying to my other question the minister did not give any specific examples. I should like to ask what purpose is served by having the service tribunal, in the words of this section, have regard to the punishment prescribed by the law applicable in the place where the act or omission occurred. What purpose is served by having the service tribunal examine the types of punishment if, as the minister says, they are to apply only to the types of punishment which are applicable under this act, the Criminal Code or any other act of the parliament of Canada?

Mr. Campney: I have already given as clear an explanation as I can. I think the intent of the section is that the military tribunal trying an offence pursuant to this section is instructed by the subsection to impose such punishment as it considers appropriate. If I interpret the words correctly, that is a discretionary direction. In other words it puts the onus on the tribunal of deciding on the punishment, "having regard to the punishment prescribed by the law applicable in the place where the act or omission occurred".

In other words, the tribunal must first look at the law of the place where the offence was committed, then at the punishment prescribed for the same or similar offences if they can be found in the Criminal Code or any other act of the parliament of Canada. I think that simply means that the tribunal looks at the punishments of the country where the offence occurred, it looks at the law of Canada and at offences under the Criminal Code or similar statutes which it thinks relevant, and then imposes the punishment that it considers appropriate. I do not think I can make it any clearer.

Mr. Churchill: I come back to my original question. What types of punishment might be imposed by a service tribunal, for example in Germany, France or Belgium?

Mr. Campney: I have not a list of those punishments. It has just been called to my attention that in some of those countries they have what used to obtain in England, that is the punishment of transportation for life or for a fixed period of time to some place where I suppose nobody would want to go to. That is one example, and there are many others although I have not further examples in mind.

Mr. Higgins: Apparently I have not made myself clear, because the minister has not answered me. Let me put this to him in conclusion. Is it not conceivable that a serviceman in Korea could commit some crime as a result of which he could be sentenced to death by a civil tribunal, and that there would be no power of review in that case by military authorities. Is that not correct?

Mr. Campney: In reply to the hon. member, I would say that I am informed with respect to Korea specifically that the civil courts have no criminal jurisdiction over our troops. With respect to many countries, if one of our troops went to any of them and committed an offence, later had a proper trial in accordance with the law and procedure of that country and was sentenced to death, we could not do anything about it except make representations.

Section agreed to.

Section 3 agreed to.

On section 4—*Ordinary residence of members of regular forces.*

Mr. Harkness: So far as the Canadian forces voting regulations are concerned, can the minister inform us what lists of Canadian service voters are maintained, where they are maintained and in what way they can be made available to candidates who have service voters in their constituencies?

Mr. Campney: As I understand it, the provision of lists and relevant matters is covered by regulation 27 of the Canadian forces voting regulations which, as they are a schedule to the statute, I understand have the force of law. If he will refer to page 16 of the voting regulations—

Mr. Harkness: Page 16 of what?

Mr. Campney: Regulation 27 of the Canadian forces voting regulations, which constitute a schedule to the elections act, provides for the compilation of certain lists, etc., and as I understand it that is the law in that regard.

Mr. Nowlan: That is the very difficulty with which we are faced in dealing with these regulations tonight. As I pointed out this afternoon in dealing with the principle on second reading of the bill, these matters were considered for a long time by the elections committee and certain procedures were finally agreed upon. As I understand it, these regulations have been in operation for quite a few years. They started during the war when we had troops overseas and it was proposed to give them the right to vote, which of course they should have. Regulations were drafted for that purpose. These regulations were continued, and the whole matter came up for review before the elections committee, which spent some two years in dealing with it.

The original regulations provided for service personnel filing certain statements even

up to the time of the election or on election day, and having filed those they could then vote. That was the declaration on the back of the envelope, and some adaptation of that was carried on for some years. When the committee met in 1950 and 1951 and dealt with the matter, by agreement of all parties represented on the committee the machinery was amended and, I think, improved. Provision was made whereby service personnel had to file a declaration within three months after the adoption of those regulations. That was done by section 23. They then filled out what was known as form 15. Another provision was made whereby those who came in after that date would fill out form 16 showing their place of origin. Another provision was made that in December of each year thereafter, and only at that time, could service personnel change their declaration as to place of residence.

Therefore you had three forms, and a regular and orderly procedure was set up whereby records could be maintained. As was suggested by the question a moment ago, you could get access to those records to find out who was entitled to vote and who was not. As the associate minister pointed out a moment ago, section 27 of the regulations is the first procedure to be set forth in the regulations whereby lists were to be prepared and records could be obtained. As provided by that section, once a candidate is nominated the machinery is not too comprehensive. First he has to be nominated; but once nominated, and after the election has been declared, the candidate or his agent may go to the unit headquarters or national defence headquarters and obtain certain information. That was the result of the work of the committee.

We have not yet been given any suggestion as to the reason for the amendments now proposed. If the regulations have been complied with, and I presume they have been because we have been told by the associate minister and the minister that the Department of National Defence is most efficient, then by three months after June of 1951 when these regulations were passed all these declarations should have been signed, and in December, 1951 and December, 1952 anybody who wished to change his place of residence would have done so. Presumably one set of those records is at national defence headquarters and the other is following the man wherever he may be posted. If an election is called tomorrow or a month from tomorrow, it will be open to any hon. member to obtain access to these records through his agent.

When you read the proposed amendment you see that for some reason it is proposed now to scrap all that machinery and extend the time for the filing of these declarations to the date of dissolution of the present parliament. That can be found in subsection 2 which reads as follows:

> Every member of the regular forces who was such a member on the twenty-first day of June, 1952, shall before the dissolution of the twenty-first parliament complete in duplicate—

Then there is a reference to form 15. Presumably they were completed two years ago or a year ago, and I think the committee is entitled to some explanation of why these records are apparently being scrapped and new records are now going to be made.

We go on to the amendment to paragraph 34 of the regulations, and we find that if these declarations are not available on election day the voter can complete a declaration at that time. The amendment reads in part as follows:

> —or, if no such statement appears to have been made, he shall subscribe to a statement in form No. 16 . . .

And so on. Everyone is anxious to see machinery set up whereby every serviceman obtains the vote. There is no question about that; but it is in the interests of service personnel as well as the government and the candidates that that be done in an orderly and regular way.

Something was said a while ago by the hon. member for Calgary East about officers being detailed for court martial work who have sometimes lacked experience. I think the Associate Minister of National Defence will probably agree with me that officers detailed for the purpose of superintending the election procedure are not very senior officers. They are probably junior officers on the stations. I have heard that some of them have used the slang expression, whatever it may mean, that they were "Joe'd" for this particular task. Some non-commissioned officer will be detailed to assist them. It is now proposed to create a situation by these regulations whereby even on election day these officers can be swamped with requests to complete these declarations.

We have had a long and interminable legal argument tonight, which shows how lawyers can become involved. I am quite certain that if the Minister of Citizenship and Immigration, the Associate Minister of National Defence and I were to sit down calmly in one of our offices tonight and discuss the meaning of some of these regulations, we might spend an hour and in the end we would scratch our heads and have to admit that we were quite confused. I ask you what is going to happen when junior officers, N.C.O.'s and so on are faced with the rush and hurly-burly of an election, and twenty fellows come in and want

to vote and get away on leave. How are these regulations going to be set out; and why should they be changed now?

The questions which the hon. member for Calgary East has suggested have to be answered. There should be an explanation as to why it was necessary to change these regulations now, and why the time should be extended up to the time of dissolution. If there was no necessity for it, then we certainly will be facing a situation which I am sure none of us want, either for ourselves or for our respective parties or for the service personnel who are involved.

I would hope the minister can give us some explanation, first as to why this is proposed, and secondly I think if the time is to be extended undoubtedly there is some reason for it. If the time is extended to the date of dissolution, then that is as far as it is possible to extend it.

After all, we are not in the confidence of the government. Frankly I do not suppose the associate minister himself knows the date of dissolution as yet. I do not assume it is going to be tomorrow or the day after tomorrow or two weeks from now. There has to be some reasonable application, and surely a provision can be made which can be followed. There could be a provision passed by this house that a declaration should be made before a certain date. After that you could get a list of the records; you would have access to the departmental records, and you would have the names and addresses of the men. There would be some order to the procedure. The matter should not be left until the election date, when there is absolutely nothing that can be done.

Mr. Campney: There is nothing mysterious or subtle about this proposed amendment. It is an attempt to meet a situation which I should like to outline briefly. As the hon. member has just said, the voting regulations which came into effect on June 21, 1952, provided that within three months, that is by September 21, 1952, each member of the services should complete a form declaring that in the event of an election for purposes of voting his residence should be either (a) the residence of his wife or other relative; (b) the residence of himself arising out of his service; or (c) the residence he had prior to his enrolment.

Subsequently, as I understand it, those entering the service after June 1, 1952, were required to disclose on form 16 the place where they enrolled. They were limited to that place. They could not take advantage of the other two alternatives open to those who had completed form 15. Those service personnel who elected and completed form 15 or form 16, as I have indicated, may in December of each year elect to change to one or the other of the three alternatives.

There has been very little trouble with respect to the last category, that is those who came into the services after June 21, 1952, because along with their attestation papers and all the other papers which they have to complete, most of them completed their declaration forms with regard to residence. But there has been a great deal of difficulty with respect to the other categories, those who entered the services prior to June 21, 1952, because they are all over the world. There have been, I think, all reasonable efforts made to get their forms completed, but the fact is, as the information has come to me, that there are about 20,000 personnel in the services who should have completed form 15 before September 21, 1952, who have not done so.

Of course that raises a problem as to whether or not these people shall be entitled to vote. The law officers of the crown, notwithstanding what may have been intended by the committee which dealt with these regulations, are of the opinion that these people who have never elected can, if they so desire, present themselves for a ballot and complete, under form 7, the declaration of their place of residence for the purpose of having their vote recorded in a certain constituency, and in that connection can select any one of the three original alternatives that were permissible in connection with form 15. If that is so it means that in certain areas where there were large numbers of service people many could present themselves in one constituency and demand to vote there. On the other hand, if the law officers of the crown are wrong, then such personnel are disfranchised; they cannot vote at all.

Unfortunately, it is probable that the adjudication of this question would not take place before an election; and whichever contention is correct, it might have the effect of invalidating quite a number of elections. For these reasons, not wanting to disfranchise such military personnel and not wanting to put them in the position where they could become the subject of agitation en masse by candidates, it has been felt that they should be given a further right of election.

I do not know how many of them will take advantage of it. There may not be any great number. However, they were serving in the forces before this procedure came into effect and it is felt that those who wish to have the right of election should have a further time to make the election which should have been made before September 21, 1952, thus declaring in what constituency

they want their residence fixed for the purpose of recording their vote. If they do not do that before dissolution, then along with any other people who have not taken the proper declaration they can only do one thing. They can exercise their right to vote, but they can only vote on the basis of having their vote recorded in the place from which they originally came.

In other words, on the one hand we want to prevent any activities that might lead to agitation among groups of people in places where the service people are in great numbers, and on the other hand we do not want to deprive them completely of their franchise. It is felt that the procedure proposed is fair and reasonable in both respects. That was the reason for these two amendments. It was primarily to give some further opportunity to the 20,000 servicemen who are distributed all over the world and have not so far elected. Practically all of them were in the services when these regulations were drawn, but still many of them have not complied with the regulations. Instead of just washing them out, we felt that they ought to have these two opportunities: One, to make their declaration before dissolution; or failing that, to vote if they so desired, their vote to be recorded in the constituency in which they enrolled.

Mr. Nowlan: That could very easily be rectified, then, without extending the time to the election date. The minister could move an amendment to these regulations to provide that those men who have not filed a declaration under (a), (b) or (c) shall be deemed to have the right to vote at their point of origin. We have their service records and we know the points from which they originated, so we would not have to wait until the election date to find out whether or not they were going to complete one of these forms. No one wants to see a man disfranchised.

I am rather surprised that the Department of Justice should say they have the right to vote anyway, despite the fact the regulations say they shall do certain things. If that is right and these men could come in and demand the right to vote, I do not see why we are passing any regulations. They had the right to vote before they filed the declaration, and if they failed to file a declaration or set forth a new declaration then they vote at the place from which they came originally.

I think if we had an amendment such as that we would be meeting the situation. But to permit the matter to go on I do not think should be allowed. After all, as to section 27 to which the associate minister referred my hon. friend, about the list and obtaining information, I think the minister will admit that, under this present machinery, that is useless. It may be that all the men will file declarations. But someone has obviously fallen down on the job if over 20,000 have not filed declarations. Possibly they are not interested. We know perhaps that, as in all walks of life, some are not interested in the franchise. But it would look to me as though somebody has slipped badly is not giving these orders and not having seen that these declarations were filed. Will this give further time for the completion of these declarations and then provide that those who have not completed them can vote on election day by voting in the place from which they originally came at the time of enlistment?

Mr. Campney: Is that not what we are doing?

Mr. Nowlan: No. You are providing that they can go on right up to election day and nobody knows who is who or what is what.

Mr. Campney: No.

Mr. Nowlan: I think the minister is mistaken.

The Chairman: Shall the clause carry?

Mr. Knowles: May I ask the minister what arrangements will be made for advising these 20,000 to whom he refers of this extension of time? Is it just a case of the act being passed by parliament and the news possibly getting to these men or possibly not, or can they be informed directly? If they can be informed directly, could arrangements not be made for a more definite date?

As to the suggestion that is made here, I can see the point of it, namely the date of the dissolution of parliament; but we here do not yet know what that date is although it may be that before this debate is over we shall get that information. I know that in 1949 we were informed about a week ahead as to when dissolution would be. In 1945 we were informed several weeks ahead. Mr. King talked about the efflux of time. But there have been dissolutions in history which were just like that, on the spur of the moment. If that sort of thing were to happen this time would it not be better to fix some definite date or some definite point of time and make the necessary arrangements to get that information to the 20,000 men who are affected?

Mr. Campney: The intention is, if this amendment is passed, to do two things—one, certainly. The other is still under consideration. The first is to have set out in orders to all units the course still open to those who have not complied with regulations. Second, we are also considering sending to each member of the personnel in the services a per-

sonal letter setting out the course open to him and the time within which he can take advantage of that course. We are going to make a last endeavour.

This matter has been pressed in the past but it is rather difficult to get a man to complete these forms if he is not too interested. The protection of his vote may not mean too much to him. We are intending to make a thorough final effort. How much will result from it I do not know; but we do feel that we should at least impress on service personnel the importance of the vote, because otherwise men will begin to think of their franchise only when the election approaches, and when it may be too late.

Mr. Knowles: May I press again the other point I was making, namely the fact that the phrase "the dissolution of parliament" does not mean much to the average serviceman. I realize that to suggest a specific date may in effect provide a shorter time, but what I am afraid of is that some of these men will confuse that phrase "dissolution of parliament" with the date of the election or the date of nomination day, or what have you. "Dissolution of parliament" is something that is known perhaps to most of the members of the House of Commons. We know what it involves and what happens. But some of these men may just put it off and decide to file the necessary form when the date of the election is announced. The time the date of the election is announced might be the very night that parliament is dissolved; and he wakes up next morning intending to attend to the matter and finds it is too late. If the minister cannot do anything else about it I suggest that in the communication to the men there should be an indication that the dissolution of parliament may happen at any time, and that they had better deal with this matter right away.

The Chairman: Shall the clause carry?

Mr. Churchill: I want to support what has been said with regard to setting a definite date for the completion of these forms rather than waiting for the indefinite date of the dissolution of parliament. I am a bit surprised that 20,000 members of the armed forces have not completed these forms. From the minister's statement I gathered that there was a voluntary aspect to this thing; but the clause, as it now stands in the regulations, is mandatory. The suggested clause uses the words "shall . . . complete, in duplicate, before a commissioned officer" and so on. There is no choice in the matter. It is a military order. There must have been some breakdown in administration whereby 20,000 personnel have not completed the forms which were required to be completed. It strikes me as being a strange thing indeed.

The fact that the forces are scattered all over the world is not an impressive statement, because surely the high command is in touch with every unit, no matter where it may be. In the past the promulgation of orders has always been considered to be the only thing that was essential in order to get duties performed. The minister suggested that perhaps they might communicate with the individuals who had not yet completed the form. Again, surely that is not necessary. The commanding officers of the units, with their adjutants to do the work, are the people responsible. The publication of an order from national defence headquarters should be sufficient. But no matter how it is done, we hope it will be done quickly and that by the time the date arrives we shall not find half the number with forms not completed.

The actual date for the signing of the form I think should be set within a reasonable time; and a reasonable time for the services does not require a long period of months. This thing surely can be done quickly. Where are the man's papers? They should be in the keeping of the unit to which he belongs or at the headquarters of the formation to which he is attached. Surely the personnel who have not completed these forms can, in the usual service manner, be paraded—whether it is on pay day or on some other occasion—and these forms completed. Certainly the date should be set, I would say, within a matter of weeks and should not be extended to the indefinite time of the dissolution of parliament.

Some hon. Members: Carried.

Mr. Nowlan: No. I should like to ask the minister what happened to those that have filed forms. We are told there are 20,000 that have not been completed. We have 104,000 in the armed forces, or so we were told the other day. From that I assume that approximately 80,000 have been filed. I notice a shaking of the head by the minister. I am simply taking it from the statement that 20,000 have not been filed. We have some number, which we may call "X"—whether it is 80,000 or 50,000—which have been completed. What is going to happen there? They are now told: You shall go ahead and file declarations. The section says:

> Every member of the regular forces who was such a member on the twenty-first day of June, 1952, shall before the dissolution of the twenty-first parliament complete, in duplicate, before a commissioned officer, a statement of ordinary residence.

Are you going to file another one?

Mr. Campney: The section is only to take care of people who have not filed.

Mr. Nowlan: It does not say that. It says that every member shall file, and certainly we need a negative in this thing somewhere. We need a prohibition this time if we did not have it before. Then it goes on to say: "If it appears." How it appears I do not know; by a looking-glass, by a mirror, or what have you. But if it appears to somebody on election day that the declaration has not been filed the serviceman may file one. I am suggesting that this regulation should be amended to provide a definite time within which the declaration should be filed. It could be done in two weeks very easily, and after that the matter should be closed.

Mr. Harris: Perhaps I might be permitted to say a few words about this because the hon. member for Annapolis-Kings mentioned my name earlier in the debate. He is now suggesting that we do what we did two years ago. He is now saying, let us fix a time limit within which these people are to file these declarations. We did that, and they did not do it.

Mr. Nowlan: Whose fault was it?

Mr. Harris: It is not the fault of the government.

Mr. Fraser: It certainly is.

Mr. Harris: No; let us be perfectly frank about it. Everybody in this house who knows anything about the armed forces knows how these things do not get done for one reason or another, and I am not reflecting on the army a little bit. We are just facing the fact that 20,000 soldiers have not done what our committee thought they should do, and fixed a time limit within which they should do it. Now, in order not to disfranchise these people, in order to regularize a way of voting, we have suggested an amendment which will extend the time within which they will do this, and then after that those who fail to do so may still vote under the following subsection.

When my hon. friend suggests a time limit, in reference to dissolution, is he going to say a month from the passing of the bill? I do not know. Under these circumstances if you had dissolution—

Mr. Nowlan: That is what we had before. We had December there before.

Mr. Harris: No, that is a different matter. We are referring to the filing of the declaration now. The December act was the annual transfer of his place of residence. Of course he can still do it, but he can only do it—

Mr. Nowlan: After he has filed.

[Mr. Nowlan.]

Mr. Harris: After he files it. That is the trouble; he has not filed it. Let us face the facts, and let us provide an amendment to the service regulations which would permit him now, I hope under pressure, and having this thing drawn to his attention, to carry out the wishes of the committee which worked on this for two years.

I am frank to admit that none of us at the time contemplated that this would not be done at this time, but when we found it was not done we provided this amendment. By subsection 2 we have provided that it shall come into force on the 21st day of September, which was the date by which they should make this declaration, and that I think overcomes my hon. friend's objection.

Let us remember that these people should vote. They are some of the best citizens of Canada, and they should be given another opportunity to conform to the wishes of the committee as to the form in which they may vote. I suggest to my hon. friends in all jocularity that they would have more time between now and dissolution if we passed the bill tonight.

Mr. Knowles: It might also help if the minister would tell us the date of dissolution.

The Chairman: Shall the clause carry?

Mr. Macdonnell (Greenwood): No. I am quite unable to understand the answer to one question asked by the hon. member for Annapolis-Kings. I realize that 20,000 men have not made their returns. I do not want to disfranchise them. That leaves two questions, the first of which is the date by which they are supposed to come in and register. Though at first the Associate Minister of National Defence shook his head, I understand that if they do not come in by that time, then they can come in on election day at their headquarters and seek to vote then.

That seems to me to be just full of possibilities of all kinds of confusion. I would certainly like to know whether the suggestion of the hon. member for Annapolis-Kings has been seriously considered; that if they do not come in within the period of the delay which has been given, from that time on their votes be counted at their homes, not at their stations. That is what I understand the hon. member for Annapolis-Kings to say. He does not want them crowding in at the last moment and causing confusion there. Perhaps the hon. member for Annapolis-Kings will correct me if I have not properly interpreted his suggestion.

Mr. Campney: If you want this latter group of people who have been delinquent in filing to vote at all, then they will have to vote where they are at their stations. I think

your point is being covered because at that time they will only be allowed to have their vote counted in the constituency in which they enrolled. They cannot elect to have it counted where they are living at the time of the election or in any other place than where they lived on enrolment. How would they actually vote in their constituencies if they are scattered all over many remote stations; how could they get to their original constituencies?

Mr. Nowlan: How do you know they are going to complete the form in this way? That is the danger when you let it go until election day. You could get a group of men in one room, and somebody would fill it out for them, as has happened before; he would fill out 20, 30 or 40 certificates and pass them out while they were smoking cigarettes. That has happened on more than one occasion. We have sworn evidence to the effect that it has happened. That was the very thing we attempted to avoid, but that is the very thing we are effecting here.

I do think there should be some further consideration given to this. The Associate Minister of National Defence and the Minister of Citizenship and Immigration should put their heads together. If they did that I am quite sure they could come to a solution which would be satisfactory. In any event, there certainly ought to be some amendment to regulation 27 to give us a better opportunity to secure information than is now possible. The whole machinery that has been set up has been nullified, and I think overnight the Associate Minister of National Defence and the Minister of Citizenship and Immigration should talk this over. Both these gentlemen are benign Christian gentlemen as well as the soul of honour and integrity. Since they realize the position in which they have put this house I am sure they can work together and come to a conclusion which would satisfy everybody.

Mr. Harris: Before we postpone this another night perhaps I might add one word. I think everybody realizes that if this amendment is carried there should not be 20,000 people on election day who will have to use form 16. We certainly hope that by the time this parliament is dissolved the number will have been materially reduced, to the point where there will be few left; and of this few, probably few will vote. But at the same time I think the committee would want those soldiers who for one reason or another, inadvertence, inability, on leave or one of a dozen reasons, have not completed the declaration, assuming that they are honest men, to vote on election day somewhere, to cast their ballots in the dominion election.

Now then, the way to do that is to follow form 16, which is referred to in the section that we are dealing with. If he has not filed his declaration there, the subsection reads that he shall subscribe to a statement in form 16, and the place of ordinary residence to be declared in form 7 shall be the place of ordinary residence shown in form 16; and form 16 reads:

> That my place of ordinary residence in Canada, immediately prior to the date of my enrolment, as prescribed in paragraph 23 of the Canadian forces voting regulations, was—

So and so. So we bring it down to the few people left, those who are going in on the final day to say, "On the date of my enrolment, I was living at such a place." These are the people who gave us trouble on one former occasion. I think we have a large percentage of them at this time. I am quite sure that the army, having been conscious of the difficulties which arose after the 1949 election, will do their best in the meantime to minimize it, and on election day see that it does not occur again.

The Chairman: Shall the section carry?

Mr. Macdonnell (Greenwood): No, it does not carry. I have a better suggestion than that of the hon. member for Annapolis-Kings, and that is that the two ministers whom he has so highly praised, with himself as a third, might be able to work out something better. I do not see why we should let this go. I do not share with the minister the feeling that one day is going to matter so much.

Mr. Chevrier: Don't get angry.

Mr. Macdonnell (Greenwood): I was never more angelic.

Section stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we shall take up the third reading of Bill No. 336, to provide assistance for the higher education of children of certain deceased members of the armed forces and of other persons; then Bill No. 48, respecting food, drugs, cosmetics and therapeutic devices; the resolution in the name of the Minister of Resources and Development respecting the National Housing Act,

1944; the resolution to amend the Canadian Broadcasting Act, 1936; Bill No. 332, respecting the Canadian forces; Bill No. 316, relating to trade marks and unfair competition. If we are fortunate enough to pass these items of business we shall move to go into supply and call two departments, finance and legislation, with the items to stand, following which we would go ahead with the estimates of the Department of Trade and Commerce.

Mr. Macdonnell (Greenwood): Better call the house at nine o'clock for all that.

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

HOUSE OF COMMONS

Tuesday, April 21, 1953

The house met at eleven o'clock.

POST OFFICE

Third and final report of special committee appointed to consider Bill No. 107, to amend the Post Office Act, and also the regulations, general administration and operation of the rural mail delivery service.—Mr. McCubbin.

REQUEST FOR REOPENING OF OFFICE IN HOME OF WILLIAM ROSS, WINNIPEG

Hon. Alcide Coté (Postmaster General): Mr. Speaker, if I may be permitted to do so, I should like to answer a question put to me on the orders of the day last Friday by the hon. member for Winnipeg North Centre (Mr. Knowles), when he asked whether I had received from the historical and scientific society of Manitoba a request for the reopening of the post office in the old home of William Ross in Winnipeg.

I did receive such a request, but on account of the limited prospective business, it was not found possible to re-establish a regular post office at this point. However, an effort was made to meet the wishes of the historical and scientific society of Manitoba, and as a result a stamp permit was issued and a letter box erected at Ross House in which outgoing mail can be posted. As a further measure of assistance, the department has also authorized a special cachet to be placed on outgoing mail.

Mr. Knowles: May I ask the Postmaster General if he can indicate the effective date of these provisions?

Mr. Coté (St. Jean-Iberville-Napierville): I am sorry, Mr. Speaker, but I cannot say at the moment. If my hon. friend will be patient I might phone him this afternoon as to when it would be possible for them to be put into effect.

Mr. Knowles: Thank you.

LABOUR CONDITIONS

STRIKE OF GRAIN HANDLERS AT VANCOUVER—REQUEST FOR FURTHER INFORMATION

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, can the Minister of Labour bring the house up to date with regard to the strike in the terminal elevators on the west coast?

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, since the matter was discussed in the house last, discussions have been going forward at regular intervals in British Columbia; and in close co-operation between the departments of trade and commerce and of labour, it was arranged that the controller of transport should go out there a few days ago. He has been out there. My officials have been working in the closest co-operation with him and discussions are continuing. Beyond that I cannot report today.

Mr. Green: When is it expected that there will be a report from him?

Mr. Gregg: I cannot say, Mr. Speaker; soon, I hope.

THE CORONATION

CIVIL SERVANTS ATTENDING AS MEMBERS OF RESERVE UNITS—SERVICE PAY

Mr. George H. Hees (Broadview): Mr. Speaker, I should like to direct a question to the Secretary of State, notice of which he received about ten days ago. Will the government permit members of the civil service who are also members of the reserve forces, and are attending the coronation as representatives of their units, to draw service pay in addition to their civil service pay while they are out of the country attending the coronation?

Hon. F. G. Bradley (Secretary of State): Mr. Speaker, I have not yet received the answer to that question, but I presume that it will arrive in due course.

TRADE

REPORTED EMBARGO BY UNITED STATES AGAINST OATS AND FEEDS—DAIRY PRODUCTS

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): A week ago, on April 14, I asked a question of the Prime Minister with regard to a reported United States embargo on agricultural products. Since that time President Eisenhower has asked the tariff commission to give consideration to the continuance of the embargo against certain Canadian dairy products, such as flaxseed, linseed, and the like. What reply has the United States given

to the two notes of protest to which reference was made at that time? What further action does the government contemplate in order to remove what appears to be an injustice by the United States toward Canada?

Right Hon. L. S. St. Laurent (Prime Minister): The Minister of Trade and Commerce is prepared to answer my hon. friend's question.

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, in answer to my hon. friend's question of a week ago, reports have been received of discussions in the United States of possible restrictions upon the importation of oats and feeds. It is understood that these reports have arisen out of the appearance of the secretary of agriculture before a subcommittee of the Senate where general proposals are at present being subjected to study and investigation. To the best of my knowledge, no conclusions or recommendations to congress have as yet emerged nor is this subject dealt with as yet in draft legislation. In these circumstances, it is not appropriate at present for the Canadian government to make official representations or protests. I am, of course, fully aware of the importance to Canada of the trade in oats and feed grains. The numerous hearings before various committees of the United States congress, which are studying agricultural programs, are being closely followed here. The United States government is well aware of Canada's concern and of the importance of trade between the two countries in agricultural products. The Prime Minister is planning to visit the United States in the near future. When he is in Washington he will have occasion to refer to some of the important questions of trade relationships between Canada and the United States as well as to some of the questions affecting world trade and financial relationships.

With respect to embargoes and restrictions on the importation of dairy products into the United States, the government of Canada has made official representations to the government of the United States on a number of occasions, which have been publicly announced in both countries. These representations have taken the form of notes to convey the Canadian point of view, but so worded as not to require replies. The most recent of these representations was a note delivered on February 10 of the present year which referred explicitly to Canada's serious concern respecting import restrictions in the United States upon dairy products. This same subject has been raised by Canadian delegations to successive sessions of the contracting parties to the general agreement on tariffs and trade. In addition, official Canadian representatives in Washington have frequently had occasion to refer to these restrictions.

I think that answers the second question of my hon. friend as well as the first question.

Mr. Diefenbaker: May I ask a supplementary question? I noticed that in the minister's statement, which was full, he said that the notes in protest were couched in such language as not to require replies. What was the reason that the notes were couched in that way? I ask that question as a matter of interest. I wondered why the United States was not asked to clarify the situation.

Mr. Howe: These notes had reference to the current legislation, and I think that if we were to receive a note from another government about legislation that we were contemplating we would not answer that note. It was felt the subject was one about which we could not expect an answer, but about which the Canadian views should be forcibly presented.

Mr. Macdonnell (Greenwood): Did I understand the minister to say that the last communication with Washington was on February 10?

Mr. Howe: Oh, no; as a matter of fact, representations are being made almost every day. For example, at my request our chief delegate to the international wheat conference called on the Department of Agriculture and made protests on the subject matter that I have just discussed. He discussed the matter very fully with officers of the Department of Agriculture and also ways and means of correcting a situation that is disturbing to the Americans. The two countries are in such close contact in these matters that a formal note is not the only means of communication. Our ambassador and our officials are in constant touch with their opposite numbers in Washington.

Mr. Adamson: Has the government considered any legislation similar to the "Buy American" legislation?

Mr. Howe: No.

INQUIRY AS TO PROTEST BY CANADA RESPECTING TENDERS IN THE UNITED STATES

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): I notice that the British government is making a protest against the manner in which a tender by the English Electric Company was dealt with in the United States. I also under-

stand that at about the same time tenders for ships to be built in Canada were treated in somewhat the same manner. Can the minister tell us anything about that? Is a protest or a representation to be made in that regard as well by Canada on ships?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Yes, Mr. Speaker, there was a case where a Canadian firm was low tenderer on some small boats, and it was decided in the United States that the order would be placed in that country, owing to a slack situation in their shipyards. I think each country has the privilege of deciding its own purchasing policy. I can think of no grounds upon which Canada should protest the method by which the United States navy places its orders.

Mr. Coldwell: The government does not regard it as being in the same category as tenders submitted by the English Electric Company?

Mr. Howe: It may be in the same category, but whether the government of the United Kingdom is justified in protesting as to how the United States buys its electrical equipment I cannot say.

GANDER AIRPORT

INQUIRY AS TO CLOSING OF RUNWAYS

On the orders of the day:

Mr. G. F. Higgins (St. John's East): I should like to direct a question to the Minister of Transport. Is the minister aware that only one runway at Gander airport, No. 14,132, is open; that its taxiways to the terminal building are closed, and that Gander as a result has been designated as an alternate airport operationally by the air lines? Is anything going to be done in the matter?

Hon. Lionel Chevrier (Minister of Transport): The condition that my hon. friend refers to is due, I presume, to the break-up in the spring. In order to prevent that, we have already constructed one large runway at Gander, and we propose to build another one this year. Provision is made in the estimates for that purpose, and I am sure that something can be done about the present condition. I shall be glad to bring it to the attention of the officers.

ARMED FORCES

ASSISTANCE FOR HIGHER EDUCATION OF CHILDREN OF CERTAIN DECEASED MEMBERS

Hon. Hugues Lapointe (Minister of Veterans Affairs) moved the third reading of Bill No. 336, to provide assistance for the higher education of children of certain deceased members of the armed forces and of other persons.

Motion agreed to and bill read the third time and passed.

FOOD AND DRUGS ACT

REVISION AND CONSOLIDATION

Hon. Paul Martin (Minister of National Health and Welfare) moved the second reading of Bill No. 48, respecting food, drugs, cosmetics and therapeutic devices.

Mr. Blair: Can the minister explain the bill?

Mr. Knowles: Is the minister going to make a statement?

Mr. Martin: This bill, which seeks a revision of one of the older statutes in our country, provides for a revision of the act and the consolidation of some of the sections and introduces some new features that will strengthen the measure. The bill was first introduced in the other place, and has had a full hearing in the committee on health and welfare of that place, giving an opportunity to industry generally to make representations in connection with some proposals that are now embodied in the measure before the house.

The Canadian Pharmaceutical Manufacturers' Association, the Canadian Manufacturers Association, the Allied Beauty Equipment Manufacturers Association and the Ottawa Truss Company were among those national trade organizations that made representations in connection with this measure. The present bill, as I say, is a revision and consolidation of certain provisions; and it seeks to remove certain anomalies which, in the light of experience during the last twenty years, it has been thought desirable to introduce.

The purpose of the bill of course is to protect the Canadian people in matters of health, as well as against fraud in the manufacturing and sale of foods and drugs. The administration of the measure depends upon the co-operation that the officials of the department are able to enjoy with industry. I cannot speak too highly of the co-operation we have had from industry generally in the administration of this act. There is no basic or essential difference in the present measure from the existing act except in a few particulars, one or two of which I shall point out. The bill is concerned with the prohibition of things that are injurious to health and that are unfit for use, and with the prevention of deception in the manufacture and sale of goods consumed by the public.

One important provision I should like to outline is the one to remove from ministerial power the discretion that now exists with respect to the forfeiture of goods. At the present time the powers of the minister under the act are great, and I have felt for some time that there should be a limit placed upon those powers, and that any interference with the use of property should be only after the exercise of judicial processes.

For example it frequently happens that goods having a substantial financial value are seized and forfeiture ensues, not upon a ruling by a court, but first through seizures by inspectors, followed by a decision of the minister in the exercise of this discretion, and based upon analyses made by an analyst. It has been thought that hereafter, except by the consent of the owner, no forfeiture of goods should take place unless there has been determination by judicial process as to whether or not the goods are in conformity with the act, and as to whether or not under the circumstances the forfeiture should be undertaken.

I think this is an important change in administration, and follows the due process of law clause in corresponding legislation in other countries.

This act is one of the important measures on our statute books. It affects the welfare and health of every person in this country, and I commend the measure to the house.

Mr. W. G. Blair (Lanark): Mr. Speaker, I think the minister's explanation has cleared up the situation. While we agree with the principle of the bill I would suggest that those parts we wish to criticize should be taken up clause by clause in committee.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, we welcome the introduction of this measure, and feel that its importance merited a longer statement than the minister has given this morning. No doubt he will make up for that when we get into committee on the various clauses.

As he has pointed out, it is extremely important for the protection of the health of the Canadian people that there be legislation of this kind, and also that its administration be carried out effectively. We wish to join with the minister in the tribute he paid to those who have had charge of the enforcement of this legislation. We are glad to note that the bill does in fact include provisions that will strengthen the hands of those who have that task.

I note in a number of places in the bill a new phrase which reads: "manufactured, prepared, preserved, packaged or stored in unsanitary conditions". While I have quoted it from only one point in the bill, it appears in several places. My interpretation would be that the inclusion of that new phrase in a number of places in the bill would seem to give the inspectors who operate under the legislation wider powers to make sure that foods, drugs, cosmetics, appliances or devices which could be injurious to the health of the people because of the conditions under which they are produced, will not be allowed on the market. It is made clear in the bill not only that foods, drugs or devices themselves must not be impure or adulterated in any way, but that they must not come from any place which in any way could be considered unsanitary.

We are glad to note this attempt to tighten up the administration of this legislation. We feel that those in charge of it have been doing a good job, and we are glad to give them the further provisions contained in the bill.

We are also glad to note that there is a new phraseology in some sections of the bill dealing with the question of deception. As I understand it, once this new bill becomes law it will be unlawful for persons to advertise drugs, appliances or devices as having therapeutic or healing effects. Indeed the whole aim of the legislation as I understand it is to make sure that people who are suffering from certain diseases or disorders will not be deluded by false advertising, and as a result of that delusion be induced to stay away from physicians or doctors whom they should see.

We think this is all to the good. We are pleased with the progress science is making in all branches, particularly in the medical field. But we do believe that the people should be protected against any false assertions made in advertising. We know there are many occasions when the sellers of certain products are tempted to make all they can out of those products by advertising in very glowing terms.

I would hope that when we are discussing the sections of the bill the minister would speak in greater detail. At this point however I wish to say simply that we welcome these steps.

One other thought occurs to me—and with this I shall have concluded my remarks at this stage of debate—and it is that in view of the fact that this measure provides for a clearer and greater supervision over drugs, appliances and devices to be made available, the Department of National Health and Welfare should extend the list of drugs and appliances it recommends to the Minister of

Finance (Mr. Abbott) or to the Minister of National Revenue (Mr. McCann) for income tax deductibility.

I have no intention of developing that subject into what Your Honour might classify as a budget speech, and therefore would rule out of order. But it does seem to me that the subject does go along with the one now before us—and I am glad to note that the minister nods his head affirmatively. As parliament specifies greater control over drugs, appliances and devices, I am suggesting that on that basis the list of those allowed as deductible for income tax purposes should be greatly extended.

With those remarks, I conclude by saying that we welcome this bill and, so far as it goes, we heartily support it.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I have taken a great interest in this subject for a number of years and I want to say how pleased I am to see this bill being introduced by the minister. However, like the hon. member for Winnipeg North Centre (Mr. Knowles), I was somewhat surprised that the minister's statement on such an important piece of legislation was conspicuous for its brevity.

Mr. Martin: The minister does not usually enjoy that reputation.

Some hon. Members: Hear, hear.

Mr. Knowles: That is what made it such a surprise.

Mr. Herridge: It was the exception that proved the rule. This indicates a definite stiffening of the pure food and drugs laws of this country and as such we in this group certainly welcome it. Since the major amendments of 1927 there have been great changes in manufacturing practices and procedures, in packaging and so on. Many new drugs and synthetic compounds have been put on the market and I think it is high time that this legislation was introduced.

Like the hon. member for Winnipeg North Centre, we want to pay a tribute to the excellent work done by the officials of the pure food and drugs division of the department. A great deal of scientific and painstaking work is carried on by this division behind the scenes, quite often with little public recognition. However, I think more and more people are becoming aware of the excellent pure food and drugs division we have in Canada at this time.

The minister's department has received excellent co-operation from the Canadian Association of Consumers. These women have taken the time to carry out investigations in the various cities and small communities of this country and they make their recommendations and complaints to the division and have contributed a great deal toward the improvement and administration of the act. The development of this act and its amendments have been the result of considerable co-operation between the minister, his officials and the consuming public.

I have noticed a growing interest in these matters. I remember when I first came to Ottawa in 1945 there seemed to be few people who had any knowledge of this act and of the work being done by the division. I find that that situation has changed. Letters that I receive indicate an intelligent and widespread interest in the work and I have no hesitation in saying again that the minister's officials in this department are doing an excellent and an increasingly important job for this country.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Beaudoin in the chair.

Section 1 agreed to.

On section 2—*Interpretation.*

Mr. Blair: The definition of "analyst" is given as follows:

(b) "analyst" means any person designated as a food and drug analyst under subsection (2) of section 24.

Section 24, subsection 2, reads:

The governor in council may designate as an analyst or inspector any person on the staff of the department for such time as that person is employed in the department or for such time during the period of such employment as he may direct.

There is nothing there to indicate that the analyst must possess certain qualifications.

Mr. Martin: I think my friend will appreciate that no one would be appointed as an analyst who did not have the qualifications. I think that implication is carried in the measure.

Mr. Blair: Would it not be better to have the word "qualified" or something of that nature in there?

Mr. Martin: It is not usual in legislation of this kind to put in such an adjective. This was cleared by justice. No one would be appointed who did not have the necessary qualifications and to have the word "qualified" would not of itself provide any guarantee. I assure my hon. friend that this is the usual draftsmanship.

Mr. Higgins: Is it the intention to have an analyst in each province? At the present time there is no analyst in Newfoundland. If medicines come in that have to be

analysed, they must be returned to Halifax for analysis and then sent back to Newfoundland. It is very awkward and causes considerable delay.

Mr. Martin: That matter is under consideration.

Mr. Browne (St. John's West): What has happened to the food and drugs act in Newfoundland since 1949? That act was based on the English law and we had inspectors operating under it.

Mr. Martin: We have carried on there just as we have carried on in the rest of the country. We have appointed inspectors.

Mr. Browne (St. John's West): Will there be any difference when this bill is passed?

Mr. Martin: It will make this difference: We think the measure is an improvement over the existing act, although we think the existing act is an excellent measure. The advantages that will accrue to the rest of Canada will accrue to Newfoundland.

Mr. Browne (St. John's West): The minister is going to take the power under this act to make regulations that will cover many varieties of things.

Mr. Martin: He has that power now.

Mr. Browne (St. John's West): Those will continue in force?

Mr. Martin: Yes.

Mr. Browne (St. John's West): Paragraph (j) reads:

> "Minister" means the Minister of National Health and Welfare.

I cannot understand why that definition is put there when it does not mean anything. The minister cannot be ubiquitous and be in every province at the same time. Prosecutions may be going on in every province at the same time.

An hon. Member: Paul gets around.

Mr. Browne (St. John's West): Should not the definition include the deputy minister, the assistant deputy minister and so on? I notice that when we were dealing with the foot-and-mouth disease the word "minister" was used when the minister did not know anything about it for two months. Is not the general interpretation section in conflict with this, in that it provides that the minister means the deputy minister, during the minister's absence, or his assistant or any other person who may be designated.

Mr. Martin: I can only say that this is the usual practice. The minister in charge of a department is responsible for the acts of his officials as well as his own. This is the formal designation that is usual in Anglo-American communities and I am sure on reflection it will commend itself to the high legal attainments of the hon. gentleman.

Mr. Browne (St. John's West): I do not think that that explanation covers it. Perhaps I may be permitted to refer to section 12, which reads:

> No person shall sell any drug described in schedule C or D unless the minister has, in prescribed form and manner, indicated that the premises in which the drug was manufactured and the process and conditions of manufacture therein are suitable to ensure that the drug will not be unsafe for use.

That does not mean that the minister is going to look at every premises where foods or drugs are being manufactured or displayed.

Mr. Martin: The word "minister" is used in the same sense as the word "crown" is used for other purposes.

Mr. Higgins: I understand that at the present time there are quite a number of patent medicines coming in from the United States and other countries.

Mr. Martin: Could we deal with that under the appropriate section?

Section agreed to.

On section 3—*No food, drug, etc., to be advertised or sold as a treatment, etc., for certain diseases.*

Mr. Browne (St. John's West): This section reads:

> No person shall advertise any food, drug, cosmetic or device to the general public as a treatment, preventative or cure for any of the diseases, disorders or abnormal physical states mentioned in schedule A.

In looking over schedule A, I see a number of diseases and so-called diseases mentioned there about which I have often seen advertisements. One in particular is obesity, and we need not look far for an example of a person who has responded to treatment. But we frequently see advertisements, especially in movie magazines and that sort of thing, addressed principally to young ladies and telling them how they may reduce their figures and get a more admirable one. Is it going to be an offence to recommend that a person should adopt the practice of slimming, eat Hollywood bread and more vegetables and adopt a change of diet?

I want to make a reference to some less conspicuous diseases. I notice that in the schedule venereal diseases and sexual impotence are mentioned. There is a provision in the Criminal Code which makes advertisements of cures for these particular conditions punishable. Another one is influenza.

I am very glad to see it referred to here because I remember reading an article in the *Reader's Digest* two years ago about a certain brand of pills that were a sure cure for influenza. I remember recommending them to one of my colleagues and taking some myself. I fell asleep with the window open and the temperature at 10 below zero and woke up with a more severe attack of influenza than when I went to sleep. I certainly think that the proper thing for a person to do is to go to a doctor when he feels ill and not rely on articles, even in such a prominent publication as the *Reader's Digest.*

Mr. Martin: This is an important section. In many respects it is perhaps the most important in the bill. My hon. friend has referred to one of the diseases mentioned in schedule A. I must say first of all that the particular item was in the schedule long before the recent historical developments in my own person took place. But apart altogether from my own achievements in that particular —and I do not want to be personal except for the fact that my hon. friend has referred to me as exhibit A—I simply want to say that obesity is included in the schedule on the advice of my technical people.

Mr. Knowles: The minister used to be a fairly substantial exhibit.

Mr. Martin: I am sure the hon. member for Lanark will be pleased to give my hon. friend some advice. Obesity is a very serious thing. All sorts of advertising are being carried on in this country telling people how to reduce, and as doctors know that can be a fairly serious matter if not properly done and under proper supervision. No one should resort to the process of dieting without first consulting his doctor. There are pills and other things being advertised that are very dangerous. It is for that reason that obesity is included along with other diseases like cancer.

The main purpose of the provision is not to discourage initiative in industry or in professional activity but, having in mind the public interest, to make sure that no one shall advertise any food, drug, cosmetic or device as a treatment, preventive or cure for any of the serious diseases and conditions described in schedule A. This measure does not seek to disturb people advertising their wares, but they shall not advertise them as a treatment for those conditions. For instance, there are certain bodies in this country advertising preparations as a treatment and cure for cancer. That is a fraud on the public, and this measure seeks to prevent that. It does not mean that medical men may not recommend certain things, but vendors of nostrums shall not be permitted to carry on that practice. I know of the case of an official who works on the staff of the House of Commons and whose wife died of cancer a year ago. She was taking a certain pill that had been recommended to her by a practitioner who was not carrying out the responsibility of his high office. He recommended it to her. It was advertised as a treatment in a little publication that came to our attention. This woman did not go to see a doctor who might have given her assistance, although I do not know whether he could have in the light of her condition. The section will deal with this kind of situation, and I am sure the importance of the provision will commend itself to every hon. member.

Mr. Blair: I think the list is very well chosen. I went over it carefully yesterday. Some of the diseases included in the list may look rather innocent, but there is a reason behind every single one. For instance, obesity may appear to be rather innocent. I am not going to refer to anybody who has received treatment, but I remember very well that a certain type of pill was sold, particularly on the other side of the border, which caused a lot of trouble and brought about some fatalities in this country. The list is well chosen.

Mr. Martin: It caused blindness and cataracts.

Mr. Blair: Yes. There is an inclination to advertise a cure for almost everything, and while some of these diseases may appear innocent there is a real reason behind their inclusion in the schedule. I congratulate the department on having gone so far, and in the future I think that the list can be enlarged. I do not say this as a physician opposed to certain cures. These are things for which I know it is impossible to advertise a cure, and it is a dangerous practice to do so.

Mr. Knowles: Can the minister say where the line is drawn with respect to this matter? I would think it would be clear that any advertisement that said specifically that such and such was a cure for such and such a disease would be illegal. What about the type of advertising that indulges in the before and after technique? Suppose some firm advertised by simply publishing two pictures of the minister, one before and one after, and said that he had done so and so. Would that be unlawful? Where is the line drawn?

Mr. Martin: That might be embarrassing but it certainly would not be unlawful. If a company advertises a particular product as a treatment, cure or preventive, that is

contrary to this section. There are clever devices used in advertising but our officers are very much on the alert. I may say that industry in Canada co-operates almost 100 per cent. We have companies that come to us and say: Here is the proposed advertising upon which we intend to embark. Does this offend? As long as that kind of co-operation prevails there is no difficulty, and generally speaking that is the case. Unfortunately there are some exceptions, and it is those with which we are seeking to deal in this measure.

Section agreed to.

On section 4—*Prohibited sales of food.*

Mr. Blair: With respect to the word "adulterated", there does not seem to be a clear explanation.

Mr. Martin: Perhaps I could explain. In the old act adulteration included (a), (b) and (c) of section 4 as well as (a) in section 24. The word "adulteration" as used in section 4 is to be given the usual grammatical definition, the definition that would be found in any dictionary. If a court were called upon to construe what was meant by adulteration in this particular section it would give it the ordinary meaning. That is according to the rules of interpretation in law. This particular method was arrived at in the light of the experience we have had in some of our cases. If my hon. friend will look at section 24 (1) (a), he will see that by implication adulteration as used there means adding something that is a prescribed substance or withdrawing something that is a prescribed substance. The present arrangement arises out of our experience in the administration of this measure and it follows the practice in certain other countries.

Mr. Blair: The old definition, Mr. Chairman, is very good, but subsection (a) of section 24 does not fully cover the matter. The minister has cited the dictionary definition of adding or omitting something but I would suggest that the definition there be something like this: That an article would be deemed to be adulterated if something were added, subtracted or omitted lessening its therapeutic value or rendering it dangerous for human consumption.

Mr. Martin: That would be all right but we consider adulteration as something not so severe as that. In our effort to maintain and operate standards there is not only the question of whether something is injurious to health but also the question of whether it is contrary to certain prescribed standards within the over-all plan. My hon. friend has asked that we give careful consideration to this, but may I assure him this represents the best thinking in food and drug law experience at the moment. I will give it further consideration in the light of further experience as suggested.

Section agreed to.

On section 5—*Deception.*

Mrs. Fairclough: Mr. Chairman, I would like to bring up, under this section, a matter which affects a Hamilton processing firm with which the minister is thoroughly familiar. It concerns the sale on the market of a product known as oilless mayonnaise as against another article known as salad dressing. These people have been marketing this product for 16 years and it has popular acceptance on the market. It says:

> Oilless mayonnaise—made of eggs, cream, sugar, vinegar, mustard, salt, spices and condiments.

There is no attempt there at any deception whatsoever. Anyone can read what is in the article and it has popular acceptance. I would like to protest very strongly against the department's action in trying to remove from the market an article which has popular consumer acceptance.

There was another Hamilton firm, as a matter of fact, which made oilless mayonnaise some time ago, but owing to pressure from the department they changed the name of their particular product and called it "Dressing Supreme". Mr. Chairman, that is just a lot of nonsense. If an article is a popular article and if it does no harm and is a wholesome product I cannot see any difference whether you call it a rose or a violet. It is still healthy. For the department to take the stand that under the term "mayonnaise" no product can be marketed unless oil is included is a lot of nonsense. As a matter of fact, I think that if you went back to the term "mayonnaise" in the broad sense you might describe it as something that was manufactured at the whim of a woman. There are no two cooks in the country who have exactly the same recipes for the foods which they prepare for their families.

I have had a good many cook-books in my house which had recipes for mayonnaise and for salad dressing and which required no oil whatever. There are some products on the market at the present time, under various trade names, which do not include oil and those apparently have the full approval of the department. I cannot see that the department has any right to force a manufacturer to remove from the market a product of this nature—particularly when you consider the amount of money which must go into the build-up of a trade name and the advertising which was necessary in

order to promote the sale of that article. In this case, after 16 years, the department decides that the description is a misnomer and they ask that the product be removed from sale. It does not seem to me, Mr. Chairman, to have anything to do with the health of this country whether any article is called salad dressing or mayonnaise, and if the public is fully aware of the ingredients I cannot agree that the department is correct in making such a stipulation. Apparently it has no such stipulation for other dressings but only on mayonnaise and salad dressings. They come in under B.07.034 and B.07.036, respectively, in the one case with 65 per cent vegetable oil and in the other case 35 per cent vegetable oil. I understand that these regulations were not enforced during the war for the simple reason that there was not sufficient vegetable oil. We do not know but what we will have to face that situation again. The department's stand seems to me to be entirely wrong and I want to protest most vigorously against their action in trying to force the manufacturer to remove from the market a healthful product which has had public acceptance for 16 years.

Mr. Goode: Mr. Chairman, I am taking into account the experience of the hon. member but she will remember that some of us also have had experience in marketing these products. I would like to say that she knows from her experience and I know that the definition of mayonnaise in the retail grocery trade in Canada is an uncooked dressing with a preservative of oil to 65 per cent. Salad oil is not necessarily that. It can come in two classes, one with 35 per cent of oil and the other is a cooked dressing. As the hon. member very well knows, some people put out salad dressing under a peculiar name as a low-priced product. You can put out salad dressing in this country at 25 cents for an 8-ounce jar and market it very well under any peculiar or particular name, and some unscrupulous manufacturers are doing just that. They are trying to kid the public into thinking that they are buying a quality article at a cheaper price.

The department is absolutely correct in laying down these regulations. When you market mayonnaise in Canada you say to the public that you are putting a distinct amount of good oil in that mayonnaise. In selling salad dressing you do not. You may say to the public that you are selling this salad dressing under a particular name and the ingredients may be on the label, but I would rather think that very few women buying salad dressing in this country read the small print. I have sold many millions of jars of salad dressing and mayonnaise in my time and I would doubt whether 1 per cent of the women who buy it know what is on the label—other than the large print.

The hon. member is entitled to present her views in this house, as I am, but I would ask her to reconsider the matter of the department telling the manufacturer to take an article off the market. I would be in agreement because in British Columbia where it has happened many times it has been for the good of the grocery trade.

Mrs. Fairclough: I cannot agree. In the first place the hon. member says that salad dressing is a cooked dressing, yet the regulations of the department call for 35 per cent vegetable oil. I do not know how he can reconcile that. It means that no one can put salad dressing on the market unless it has 35 per cent vegetable oil. This label says "oilless mayonnaise". I disagree, and I am not talking as a representative of the grocery association; I am talking as a woman and as a cook, and I know what I am talking about. We have been calling this type of thing mayonnaise for a good many years.

Mr. Goode: May I correct the hon. member? I did not say that all salad dressing had oil in it nor that it was all cooked. I said that there were two qualities of salad dressing as you will see if you read *Hansard* tomorrow. I should take into consideration the experience my hon. friend has had, but she must remember that there are others in the house who have had just as much experience.

Mr. Higgins: I am not getting into this discussion about cooks. I want to discuss another matter which is equally important, I believe, to those who are not cooks. It is the question of rum or the description of rum.

Mr. McCann: Does the hon. member know something about that?

Mr. Higgins: I have had experience. In the days prior to the time when Newfoundland joined this great nation—when rum was rum, I may say—we had a fine rum known as navy rum and it was sold under a trade name. On the bottle there used to appear the words "approved by the faculty". I never did find out who the faculty actually were. It also said that it was good for the prevention of chills and that it aided the circulation of the blood. Actually, I think it did both. Would the minister say whether or not that would be misleading advertising? There is another rum that we also have had misleadingly described by our friends of the United States forces as screech. I do not know whether that would be misleading advertising or not. I do not even know

whether the minister is competent to pass an opinion in these matters.

Mr. Martin: With regard to the latter, I am certainly not competent. I think that is well known. I think, however, we must maintain a little sense of humour in these matters. There is a difference between that kind of representation and the representation when it is seeking to sell something that it is not. The best example of the value of section 5 is this. The committee will remember that the hon. member for Winnipeg North Centre raised with me about a year and a half ago the question of whole-wheat bread. The fact that whole-wheat bread was being advertised but which in fact, in many instances, was not whole-wheat bread, was not necessarily injurious to health but it was deception and people were buying bread thinking that in fact they were getting whole-wheat bread but in a great many instances they were not. Our regulations have been changed, and now no one can advertise whole-wheat bread unless it is in accordance with the prescribed standard and contains a certain percentage of whole-wheat flour.

That principle applies throughout the measure. I was myself one of the victims of this constant use of whole-wheat bread. I was eating whole-wheat bread thinking that as a result of doing so I was eating less of carbohydrates, only to find out that I was eating the same kind of bread with a different colour. Now it is not possible for that to happen under these regulations.

With regard to the case mentioned by the hon. member for Hamilton West, I can only say this. Mayonnaise does have, in the dictionary meaning, a definite standard. Any English dictionary will show that there has to be a certain amount of vegetable oil, and it has to be a substantial amount. It is not mayonnaise unless oil is in it. That is in the very nature of the product. To advertise mayonnaise as oilless is to advertise something that is not mayonnaise and to give to the public the impression that they are buying in fact mayonnaise. This particular problem did confront us. As my hon. friend knows, I went into the thing carefully and I did once think that perhaps we were being needlessly strict. We called together in Ottawa representatives of the Canadian Association of Consumers. Mrs. Walton came down here and there were two other ladies from Ottawa who came in to the department, listened to the representations on both sides that were then made, and they agreed with the stand that we were taking.

[Mr. Higgins.]

Mrs. Fairclough: Is the minister sure of that? I understand that Mrs. Walton was not here.

Mr. Martin: Mrs. Walton was here, and Mrs. Kent and Mrs. Weir, representing the association, and they fully agreed with the stand taken.

Mrs. Fairclough: That is not the information I got over the telephone.

Mr. Martin: I am giving that information now.

Mrs. Fairclough: They told me they definitely wanted oilless dressing.

Mr. Martin: How did we arrive at this standard? This was not a standard arbitrarily imposed. It was the trade itself which came to us in the first instance in 1936. We sat down with all of the people who were manufacturing mayonnaise and they all agreed that there had to be a prescribed standard in order to avoid misconceptions and deceptions that were being perpetrated, and we arrived at this one; and now the prescribed standard is that 65 per cent of oil must be used. That is the standard. As a result of that we feel that the public now, when they come to buy mayonnaise, will be in fact getting mayonnaise which in its very initial etymological meaning means the use of a substantial amount of oil. I cannot profess to be at all an authority on cooking. I do not know anything about cooking except that in my heyday I knew something about the value of good cooking. I knew whether food was good or not.

I have before me a cook-book that my wife gave me this morning and I looked up mayonnaise. Here is what mayonnaise is:

> This is a thick uncooked emulsion of edible vegetable oil, egg yolk or whole egg, vinegar or lemon juice, or both, seasoned with salt and other seasonings that are commonly used in its manufacture. It contains at least 50 per cent of edible vegetable oil. The oil content of the average high-grade mayonnaise is about 65 per cent, while the egg content ranges from 5 to 15 per cent.

The technical books all indicate that. Webster's dictionary, which I looked at this morning, indicates that there must be a substantial amount of vegetable oil. However, the particular case that my hon. friend has raised so ably this morning is one that is based on regulation. We feel that our contention is sound. I should be happy at any time to discuss the matter further with my hon. friend.

Mrs. Fairclough: Mr. Chairman, it is true that the trade was consulted back in 1936. I draw to the minister's attention the fact that that was 17 years ago, and a great many of the people who were making mayonnaise at

that time are no longer making it today. A great many of the people who were making mayonnaise without oil at that time have since gone out of the market. Today, as far as I know, this is the only product in Canada which is marketed under that term "oilless mayonnaise". You can bring in all the dictionaries in the country and out of the country, but when a term has popular acceptance as meaning a certain thing, I cannot understand why it should not be allowed. The minister knows right well that in a few years the dictionaries even may have a different definition of that particular term. That has happened before and it may happen again. It seems to me wrong that there should be notice of a regulation back as far as 1936, that nothing is done for 15 or 16 years, and then all of a sudden they dump it in the lap of the one remaining manufacturer in that field. It is discrimination of the highest order.

Mr. Knowles: Mr. Chairman, I was interested in what the minister had to say with respect to the question of brown bread. As he indicated, this matter was raised in the house a number of times, starting back about two years ago. I pointed out to him frequently that deception was being practised. I am glad to know that the regulations which are made under this section were changed a short while ago so far as the labelling of whole-wheat bread is concerned. I think it is also good that the trade has gone in for vitamin enriched white bread. I personally still think that it is not as good as whole-wheat bread, but maybe that is a matter of taste. In any event, in a country like Canada where wheat is one of our most important products it does seem to be a shame that so many of our people, in the bread that they eat, should not get the full value that is in the wheat itself.

However, this is the question I want to put to the minister, even under the revised regulations. He seems to be quite satisfied that there can now be no deception. I recognize that is the case where brown bread is wrapped and labelled. But what about the case of unwrapped, unlabelled brown bread? Most people, when they buy a loaf of brown bread —whether it is wrapped and labelled or not— assume that they are getting whole-wheat bread. My point in raising this matter a couple of years ago—and repeatedly during the last two years—was that unwrapped, unlabelled brown bread could be, and was in some cases, simply white bread dyed brown. I made it clear that the colouring used to dye the bread was not in itself harmful or injurious to health. The point was, as the minister indicated this morning, that that was a case of deception. Has any change been made in the regulations so as to require that any bread that is brown must have in it a certain percentage of whole-wheat flour?

Mr. Martin: Well, one of the reasons of course is that we have our inspection service, which has to deal with the things that cannot be dealt with by regulation, and we are following that aspect of it very closely. As my hon. friend knows, we have an inspection force—I would not want to say how many, because in the very nature of things it is a very important service and we try to keep as much information to ourselves as possible in so far as our detection service is concerned. We have inspectors going around continually, and that is one of their jobs.

Mr. Knowles: I take it from what the minister has said that the matter has not been completely cleared up yet. I take it it is still possible for certain firms to put on the market—

Mr. Martin: I do not want to say any more at the present time.

Mr. Knowles: That is an admission that it is still happening; that brown bread is still being put on the market which, when it is not wrapped and not labelled, is not necessarily whole wheat bread. At the moment the only protection the consumer has is to buy wrapped and labelled bread. I think the consumer is entitled to full protection. I think the people who are working on this should see to it that all bread that is brown in colour is whole wheat bread.

Mr. Martin: I think the public should feel that they are getting the fullest protection that it is possible to give them. I would not want to give any other impression.

Mr. Charlton: Are the margarine manufacturers going to be entitled to use the words "pasture sweet"?

Mr. Martin: That is a matter to which I should like to give further consideration before replying.

Mr. Hansell: I have one question in connection with the struggle that the minister has had with whole wheat bread. Do I understand that when the manufacturer of whole wheat bread puts a wrapper on his loaf and advertises it as whole wheat bread the actual wheat germ is in the flour?

Mr. Martin: When a man sells bread and he advertises it as whole wheat bread it must conform to the prescribed standard, which is that it must have a percentage of whole wheat flour. If it has not, he has no right to advertise it as whole wheat bread.

Mr. Higgins: There are two points that I should like to bring to the attention of the

minister. I believe the essence of this offence is sale in Canada. Does the minister feel that it might be advisable to include the word "export" as well as "import"? I think it would be necessary; otherwise you would be selling products that you would not want to go out of Canada.

Mr. Martin: This point arises in another section. I am not saying this boastfully—it was long before I had anything to do with this thing—but we have I think what is regarded as an exemplary Food and Drugs Act, the best of its kind in the world. Our act preceded the United States act by some 32 years. All countries do not have the same standards, and obviously if a country's standards are different from ours there is no reason why we should not sell in that country a product that conforms to their standards. And likewise it may be that there could be conflicting standards, so one is faced with the only alternative that the goods should conform to the law of the country to which they are consigned.

Section agreed to.

Section 7 agreed to.

On section 8—*Prohibited sale of drugs.*

Mr. Browne (St. John's West): I note that this clause is described as being new. It says:

> No person shall sell any drug that
> (a) was manufactured, prepared, preserved, packed or stored under unsanitary conditions; or
> (b) is adulterated.

There must have been some similar provision in the law before this.

Mr. Martin: There was not.

Section agreed to.

Sections 9 to 20 inclusive agreed to.

On section 21—*Powers of inspectors.*

Mr. Blair: In the matter of taking samples, the section says that the inspector may take samples and examine them. No provision is made in section 21 for leaving the sample. Later on in the bill we are going to come to the point of a court case on the analysis of a sample.

Mr. Martin: When an inspector takes the sample he pays for it, of course.

Mr. Blair: The sample taken should be sealed by the inspector, because there will be a case on it afterwards.

Mr. Martin: That is done by regulation.

Mr. Blair: Where in the regulations?

Mr. Martin: The regulations are not in the bill. The regulations are contained in a very thick document which I table every year.

[Mr. Higgins.]

Mr. Blair: That is covered?

Mr. Martin: Yes, it will be.

Mr. Blair: The sample is sealed by the inspector?

Mr. Martin: Yes.

Mr. Blair: And left with the firm?

Section agreed to.

Sections 22 and 23 agreed to.

On section 24—*Regulations.*

Mr. Blair: With regard to the preparation, there is nothing here which says that a firm may devise a new method of preparation instead of the old method and produce a quality that is equal in potency and has sufficient therapeutic value.

Mr. Martin: There is the most continuous consultation. I would be very happy if my hon. friend, particularly because of his professional interest, could find time to come down to the laboratory where he could see the great consultation that goes on daily between our laboratory people at the food and drug laboratory and the trade. There is a continuous series of exchange of views on all sorts of developments.

Section agreed to.

Sections 25 to 28 inclusive agreed to.

On section 29—*Certificates of analysis.*

Mr. Blair: This is one of the most important clauses of the whole act. It has to do with the matter of evidence. It seems to me that this is peculiar as regards the law of evidence. As it stands, the man who makes the analysis on behalf of the department does not need to appear in court. His certificate of analysis is accepted by the court. It seems to me that the defendant, who may be a pharmaceutical house or a drug company, should have the opportunity to cross-question an analyst in the court regarding the analysis he has made.

Mr. Martin: I should have indicated that I propose introducing an amendment. I completely forgot. I am glad my hon. friend has spoken of it. I think the point is covered now. I would ask my colleague, the Secretary of State, if he would be good enough to move that in line 36, after the word "certificate", the following should be inserted:

> The party against whom it is produced may require the attendance of the analyst for the purpose of cross-examination;

That is done at the request of the Canadian Pharmaceutical Manufacturers Association who thought that this should be in. This is put in so that there will be no misunderstanding.

Mr. Bradley: I move accordingly.

Amendment agreed to.

Mr. Blair: I want to be sure of this, Mr. Chairman. The minister has explained that the amendment gives the defendant in the case the right to ask for the production of the analyst.

Mr. Martin: The analyst, yes.

Mr. Blair: And he is subject to cross-examination?

Mr. Martin: Yes.

Mr. Blair: I am quite satisfied.

Section as amended agreed to.

Section 30 agreed to.

On section 31—*Coming into force.*

Mr. Knowles: Since this is the last clause in the bill I wonder whether I might just say a word or two, and urge upon the minister the point which I made when we were at the second reading stage of the bill. This legislation, when it is on the statute books, will give the Department of National Health and Welfare greater control and supervision over drugs, devices and appliances. I am thinking particularly of those in the medical field. In view of that, I hope that the minister, on his own initiative, without waiting for requests from the Minister of Finance, will look at and reconsider the list of drugs and appliances which are scheduled for income tax deductibility. It seems to me that list could be greatly extended. As the minister knows, in my view it should include all drugs prescribed by doctors. The Minister of National Health and Welfare could do a great deal along this line if he would make stronger representations in connection with this matter to his colleagues, the Minister of National Revenue and the Minister of Finance.

Mr. Martin: The hon. member may be assured that the minister in charge of this department, and the government as a whole, are always alive to the interests of the public in these matters.

Mr. Knowles: This government may soon be dead.

Section agreed to.

Schedules A, B, C, D, E and F agreed to.

Bill reported.

Mr. Deputy Speaker: When shall the bill be read the third time?

Some hon. Members: Now.

Mr. Knowles: By leave.

Mr. Martin moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

NATIONAL HOUSING ACT

INCREASE IN APPROPRIATION FOR LOANS

Hon. Robert H. Winters (Minister of Resources and Development) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the National Housing Act, 1944, to increase the appropriation provided by section 7 for loans under part I from $300,000,000 to $500,000,000, and the appropriation provided by section 13 for loans under part II from $150,000,000 to $250,000,000, also with respect to grants in aid of slum clearance and to certain other matters deemed necessary for the proper administration of the act.

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

Mr. Winters: Mr. Chairman, the resolution before the house seeks authority for the government to introduce certain amendments to the National Housing Act. I will at this stage confine my remarks to the subject matter of the resolution.

When the present National Housing Act was passed in 1944, $100 million was authorized for home ownership loans under part I and to take care of possible losses under the previous housing acts of 1935 and 1938. In 1949 this amount was increased to $300 million. It is now proposed further to increase this appropriation by $200 million, making a total cumulative statutory vote of $500 million for home ownership loans under part I of the act.

For rental housing under part II of the act the original appropriation was $50 million. This was increased to $150 million in 1945. It is now proposed to increase this appropriation by $100 million to $250 million, making a total cumulative statutory vote of $250 million for rental housing loans under part II of the act.

Since 1945 over $1 billion of loans have been approved under the National Housing Act for residential construction in Canada. Of this amount the share of the federal government, including loans made by Central Mortgage and Housing Corporation on direct account, is $379 million.

The reason for asking for increased appropriations at this time is that, of the $300 million appropriated for part I loans, $285 million has been committed, including the amount held to the credit of lending institutions under the pool guarantee arrangement. As hon.

members know, when a loan is made jointly with a lending institution under the act a certain amount is credited by Central Mortgage and Housing Corporation to an account held by the corporation in the name of that lending company. This account is for the purpose of making provision for losses that the company may in the future sustain in respect of its share of joint loans. Commitments for rental housing loans under part II, including that credited to the pool guarantee account, approximate $126 million. The balances remaining would not be sufficient to carry the operations of the act through the year 1953.

During the last session the standing committee on banking and commerce examined the annual report of Central Mortgage and Housing Corporation which administers the National Housing Act. That committee, after its deliberations, recommended that the slum clearance provisions of the National Housing Act be amended. It is now proposed to broaden section 12—the slum clearance section —to provide that the slum area when cleared may be developed under section 35 of the act as a federal-provincial housing project. Under the present legislation the area may be developed by a limited-dividend company, as provided by section 9 of the act, or a life insurance company operating under section 11 of the act. The amendment will further provide for the development of a housing project on an alternative area to be provided by the municipality. This alternative area may be developed by a limited-dividend company, a life company or as a federal-provincial project. There is a condition imposed in the proposed amendment, to the effect that the cleared area must be used for a municipal, provincial or federal public purpose. In other words, the provision relating to the use of an alternative area will apply only if the slum area is designated on the master plan of the municipality for public use. The committee recommended also that the cleared area might be used for commercial or other purposes. It is considered that if land is to be acquired and cleared for commercial or industrial uses the responsibility for its acquisition and clearance should rest with the commercial or industrial interests concerned, and authority to make the cleared land thus available is not being sought in the proposed amendments.

Other amendments contained in the proposed legislation are of a procedural or technical nature. I will at this time refer briefly to them.

It is proposed to include a clause in the act that will remove any doubt that lending companies operating under the act have the corporate power to make and administer loans on an agency basis on behalf of Central Mortgage and Housing Corporation.

The government is by the proposed amendments also seeking authority for the corporation to make supplementary advances in connection with existing loans which it has made on its own account. This will allow the corporation to advance borrowers' charges where it becomes necessary to do so. At the present time the corporation has this power jointly with a lending institution in respect of a joint loan, but it does not have the same authority with respect to direct loans.

The section under which the integrated housing plan was operated and under which the arrangement in respect of defence workers has been made is being amended. The proposed amendments will require that a builder pay a premium for the undertaking of the corporation to purchase from him any house that he is unable to sell on the market. The section is also being amended with reference to the class of persons to whom a builder must first offer a house for sale. The present provisions refer to veterans. It is proposed to add specifically defence workers.

Finally, an amendment is proposed regarding rental insurance. As hon. members know, there is a three-year rental control on projects financed under the rental insurance plan. This control is imposed by the builder in his agreement with Central Mortgage and Housing Corporation. Pursuant to the present legislation, such three-year period runs from the completion of the whole project. This imposes a hardship on builders of large projects where upwards of a year may elapse between the renting of the first units and the final completion of the project. The proposed amendment will have the three-year period running from the completion of each unit or group of units.

Mr. Fleming: Mr. Chairman, this, rather strangely, is the first time in the course of the entire present session of parliament that there has been a debate on housing. We have been in session since November 20, 1952, yet this is the first occasion on which housing has been the subject of a debate in the house. There were some comments on it during the debate on the address in reply to the speech from the throne and on the budget, but apart from that housing has not been the subject of debate during this session.

This is a resolution looking to the introduction, as I gather from the minister's statement, of what will be a rather extensive bill amending the housing act. It is not my purpose this morning to discuss at any length the contents of the minister's state-

ment nor the type of amendment that he has indicated. On the motion for second reading, when we have the contents of the bill before us, we shall have a much more suitable opportunity for that discussion.

I intend this morning to content myself with some brief observations concerning the housing problem in general. This problem has not receded in importance; it is still a prime problem facing all of Canada. On the last occasion when we had a debate on this subject in the house, on July 3, 1952, I reviewed the evidence that had been given before the committee on banking and commerce in the 1952 session. At its meetings during that year the committee had made an extensive inquiry into housing and the administration of Central Mortgage and Housing Corporation. I summed up the evidence which had been given to the committee, for the years 1946-1951 inclusive, as will be found on page 4176 of *Hansard* of July 3, 1952, as follows: For the six-year period the totals are these: net family formations, 513,000; new housing units completed 495,887.

That means that in the six-year period we had not even kept abreast of new housing needs, let alone make any reduction in the very substantial backlog of housing needs which existed at the conclusion of the war. In other words, house construction in Canada had fallen behind current family formations in the same period to the extent of 17,113 units.

We have had no authoritative estimate of the extent of the housing shortage in Canada. Mr. Mansur, president of Central Mortgage and Housing Corporation, stated before the banking and commerce committee a year ago that he was not prepared to commit himself to any estimate on that subject. He did indicate that he had reservations concerning the estimate of housing shortage by the Curtis commission in 1944, but he himself was not prepared to commit himself to any estimate in that regard.

Whatever may be the best estimate, the fact is that there is still a great and pressing backlog of housing need in Canada. I have said "housing need" because there seems to be something of a change in emphasis as between housing need and housing demand. Housing need is not to be measured simply in terms of effective housing demand. When we speak of effective housing demand we are speaking in terms of economic demand on the part of those who have the means to satisfy their need if houses were available.

Of the various factors which over the post-war period have been responsible for retarding house construction, these have been mentioned from time to time: shortage of labour, shortage of materials, high prices, shortage of mortgage funds, shortage of serviced land and others. Under present-day conditions there has been a change of responsibility as between those different factors. Today it cannot be said that a shortage of labour is responsible for any retardation of house construction in Canada. As a matter of fact, while the minister has not given figures on expected house construction as estimated for this year, as I followed his statement, the figure that will be attained this year, according to estimates of officials of Central Mortgage and Housing Corporation, will be substantially below the capacity of the Canadian construction industry which competent officials of that industry have claimed, namely, a total of 130,000 housing units. Whether that figure be accepted, or some figure closely approximating it, the fact of the matter is that it is abundantly clear that the capacity of the Canadian construction industry is very substantially in excess of the rate of construction of houses.

The next factor deserving of comment is the supply of materials. Happily we are no longer faced with a shortage of materials; no longer can a shortage of materials be regarded as a factor delaying house construction. In a recent publication of the Department of Trade and Commerce entitled "Supply of Building Materials in Canada. Outlook 1953" we have a review of the 1952 position and a sketch of the outlook for 1953. The 1952 position is summed up in these words:

> The supply of building materials in relation to requirements was better in 1952 than in any previous post-war year, and such shortages as did exist did not affect to any great extent the overall volume of construction achieved. Even so, with construction at an all-time high, a few strategic materials remained very scarce and a number of small projects for which supplies had not been obtained in advance were delayed. At the same time the decline of house building activity during the first six months of the year brought on a sharp drop in demand for a wide range of materials, forcing manufacturers to cut back production.

Then the publication proceeds to comment upon the extent to which shortages appeared during the year in cement and heavy structural steel beams, and it continues:

> Despite these shortages, 1952 saw a fairly general movement of building materials into good supply. In fact, for the first time since the war, the production of a large number of building materials was cut back early in the year due to reduced demand and to temporarily inflated inventories. Thus, of the materials covered in this report, the production of 20 declined while the production of only 12 increased. Moreover, some of the shortages which appeared following the upswing in house building were due more to the fact that

stocks had been unduly depleted by mid-year than to insufficiency of productive capacity.

That is its review with respect to building materials during 1952. What of the outlook for 1953? This publication sums it up in these words:

The outlook for the supply of building materials in 1953 is distinctly favourable. While the volume of construction is expected to be even larger than in 1952, its composition will be more balanced from the standpoint of the Canadian building materials industries.

That is an encouraging outlook with respect to building materials.

Commenting on prices in a recent speech to the house builders' association in Toronto on March 24, Mr. Mansur said that in 1952 the prices of houses were relatively stable. It is a happy circumstance if the cost of housing has ceased its upward climb. Whether that proves to be too optimistic an estimate we shall not be long in learning. Nevertheless it is, if this statement is justified, a hopeful augury that at least we have achieved stability in house building costs. The fact remains, however, that house building costs are extremely high, and in all fairness this is the factor which has created that difference that I mentioned earlier between housing need and effective economic housing demand, because unquestionably if the cost of construction of houses were lower they would be within the economic reach of many more people than can purchase them today.

Now, sir, I should like to say a word about mortgage funds. The minister did not make any comment on this subject in his statement. He asserted several days ago, in reply to a question, that there was no justification for the charge that in one particular municipality there had been a strike on the part of the lending institutions. In fairness, Mr. Chairman, it is a fact that must be recognized that there has been very general co-operation on the part of the lending institutions with respect to the policy that parliament has approved and which is written in the terms of part I of the National Housing Act. It is a fact that many people have not been able to obtain loans to the extent that or in the localities where they desired them, and for that reason some have sought to criticize the lending institutions. The fact of the matter is that in this country today the financial resources of the lending institutions are being used to their limit in assisting house construction under part I of the National Housing Act.

Because of the rise in the cost of house construction, the investment of the same amount of money today in loans under part I of the National Housing Act does not provide as many loans as was the case two years ago or even one year ago. The fact of the matter is that the average amount of mortgage money committed per loan is higher than it has been previously. Therefore the same total of investment through part I of the National Housing Act on the part of the lending institutions has not made available as many mortgage loans even though the total of money so made available is as large as and actually larger than in the previous year.

The present system under part I has many satisfactory features about it. On the other hand, there are unquestionably very great strains today upon the resources available for house construction through part I of the National Housing Act. One is the physical limit that exists on the resources of the lending institutions available for lending on mortgage security. Others take the form, and naturally, of a selective approach on the part of the lending institutions. We will look with interest for a report from the minister on the extent to which Central Mortgage and Housing Corporation has itself attempted to step into the breach in the case of municipalities up to 50,000 population where adequate mortgage loans from lending institutions have not been available under part I of the National Housing Act.

I should like to draw attention to this fact, and I think it is a fact that either is not generally known or is not generally appreciated. When the lending institutions under part I of the act are called upon to provide a loan it means a tremendous amount of detail work on their part. I am told that there are no fewer than 45 pieces of paper that have to be handled in placing every loan by one of these lending institutions under part I, and these 45 pieces of paper do not include the mortgage itself. Therefore it is not unnatural that the lending institutions, faced with a load of administrative work of that kind, are seeking to reduce the work that is thrown upon them in that regard, and it is not unnatural that their approach should become selective in this field in the face of a very great demand. I should like to hear some statement from the minister as to the policy that the government proposes to offer in the face of that admitted problem.

I come now to a brief statement of what is today unquestionably the most serious and difficult of all the problems contributing to the retardation of house construction in Canada. I refer to the shortage of serviced land. The great need for housing today is in our urban areas, and the acceleration of the program of defence production has contributed greatly to the sharpening of the need of more homes in the large urban areas,

particularly those industrial centres where defence production has been a noticeable factor in the local economy. It has reached a point where indeed, Mr. Chairman, some municipalities are so overwhelmed with the burden of providing services for land that they are doing what is within their power to discourage house construction within their municipal borders. In some cases this takes the form of requiring the builder or subdivider of land to pay in advance the costs of installing all services. The burden on our municipalities today, particularly on fast growing urban municipalities or those suburban municipalities that surround the great metropolitan centres, is very great.

They are still working under the handicap of a very limited tax base, a tax base which has remained virtually unchanged since 1867, a tax base that is utterly inadequate to enable municipalities to cope effectively today with the problem which has in part at least been left on their doorsteps by senior governments. If we wish to make an effective contribution to meeting the housing problem in Canada today we will need to do something effective to assist municipalities. I tried to sum it up in these words in the last housing debate on July 3, 1952, as found at page 4178 of *Hansard:*

> If we want to help the housing problem in Canada, we cannot have a better slogan than this: Help the municipal governments!

We are not helping the municipal governments enough under the terms of this legislation. The minister has indicated that there are going to be some amendments with respect to section 35 of the act. The extent to which they are going to bring any help at all to municipalities was not clear from his statement, and I am not going to comment upon that subject until we see the text of the bill. It may well be that in some respects the effect is going to be to increase the burdens on municipalities, but I shall not attempt to venture comment on that subject until I see the bill. But the fact remains that the municipalities today, particularly the fast growing metropolitan and suburban municipalities surrounding industrial centres, are simply not financially able to cope with the housing problems that are being thrust upon them. And what is needed today, as imperatively as ever in this country's history, is a dominion-provincial conference to work out an understanding with respect to taxation sources which will assure to the municipalities sources of revenue in this respect that will assist them adequately to meet whatever share of the burden of the housing problem may be left to them to discharge.

Sir, slum clearance is a problem of great importance. Progress has lagged lamentably in this respect. Hopes that were held out in this house in 1949 when section 35 of the act was enacted have been disappointed. Much needs to be done in this respect. It is difficult of course to make the scheme of section 35 work when it requires co-operation with respect to each project on the part of the three levels of government involved. In that respect the section is cumbersome in its operation and I hope that the amendments to section 35 that are to appear in the bill will hold out some measure of hope that some of the difficulties which now surround the operation of section 35 will be met and removed. There certainly must be a more effective marrying of sections 12 and 35. I know it is a matter that the minister has had under study since the committee on banking and commerce made its recommendations on this point a year ago. I look for effective amendment in this respect when the bill is introduced.

There are just two other matters, Mr. Chairman, which I shall mention briefly in closing. There is one subject which has not been adequately examined in this house or justified. It relates to expenditure of a kind which is not of itself calculated to assist the housing problem in this country very much. On December 17, 1952, at page 820 of *Hansard* the minister brought in answers to certain questions asked by the hon. member for Wentworth concerning the cost of construction of the handsome new head office of Central Mortgage and Housing Corporation. Let me say at once that Central Mortgage and Housing Corporation has itself to be housed adequately. It has to carry on very important business and I should be the last one to say that it should not be properly accommodated. However, Mr. Speaker, in times like these when the levels of government that are greatly concerned with the provision of municipal services for housing are faced with very great difficulties, and when the provision that has been made by the federal government to assist in meeting the housing problem has not always been generous, I ask, Mr. Chairman, if the taxpayers of this country will regard it as justifiable that Central Mortgage and Housing Corporation have constructed in this building—

The Chairman: Order. I must point out to the hon. member that matter is not contemplated by the resolution and the bill to follow. We are studying amendments to the housing act and I do not think that the hon. member can bring in the construction of a building to house the services of Central Mortgage and Housing Corporation. That is not allowed.

Mr. Fleming: With respect, Mr. Chairman, in these post-war years, whenever we have had a resolution in this house looking to the introduction of legislation or amendments to this act there has been permitted at the resolution stage a very free discussion of all aspects of housing. Normally, or at least until recently, that discussion has taken place in the house at the resolution stage. That stage, as far as opportunity for discussion is concerned, is now virtually eliminated by the recent ruling of Mr. Speaker. In committee, however, I understood that we were to be accorded the same freedom of discussing the problem in general as we were formerly accorded in the house.

I was not proposing to make an extended comment—

The Chairman: Perhaps I might make a comment. My recollection is that by general agreement in the past all matters pertaining to housing have been left to a time when a resolution was to be introduced. That was when the main legislation was introduced or when substantial amendments were brought in. This act has been in operation for some time and I would like the hon. member to bear in mind that the estimates of the minister will soon be before the house, at which time, on the first item of administration, hon. members will be perfectly in order in discussing housing questions—particularly that one.

Mr. Fleming: I will come back then on the estimates to what I conceive to be an extravagance in constructing the dance floor in this building.

The final matter I would mention at this stage, Mr. Chairman, concerns a housing project in the immediate vicinity of Ottawa. It is the Merivale road project which has come to the fore again as a result of some current action being taken by Central Mortgage and Housing Corporation. The project consists of 428 homes, all of which are occupied and are either owned or rented by ex-servicemen. They are married ex-servicemen in all cases. Those houses have been occupied by the residents for periods of up to seven years.

When they were first constructed they were all rented and then, in keeping with the general policy, the corporation in 1951 offered those homes for sale to the tenants and a number of the tenants purchased.

The Chairman: Order. I am afraid that this is another matter which the hon. member can bring up when the estimates are before the house. In other words, there is no general agreement at this time that the whole of the housing question will be debated on this resolution. There was no such undertaking given at any stage and therefore I would ask the hon. member to confine his remarks to the resolution now before the committee.

Mr. Fleming: If you are in the process of making a ruling on this subject I would ask an opportunity of saying a word about it and of making a submission to you.

In the first place I wish to say that it was in no sense by general agreement in previous sessions that there was a general discussion on the housing question at the resolution stage. It was not as a result of any agreement that it was permissible but, in my submission, it was in order under the rules of the house. When Mr. Speaker made his ruling recently that on a resolution contemplating the introduction of a money bill there was to be no opportunity for discussion in the house he did not in any way purport to curtail freedom of discussion in the committee at the resolution stage. Mr. Chairman, I submit to you that to attempt to curtail discussion regarding the housing problem and to say that it must relate specifically to some words in the resolution under discussion is not only quite contrary to the course and practice that have been followed in this house, but I say with respect, it would be an unwarranted confinement of the rights of members to discuss this matter in this house.

After all, this resolution is a very brief statement, Mr. Chairman, of the intention of the government with respect to the contents of the bill that is to follow. It is exceedingly brief, and the statement made this morning by the minister indicates how utterly brief it is as a synopsis of the provisions of the amending bill. He referred to numbers of matters that were to be dealt with in the bill to be introduced and therefore, Mr. Chairman, to base a ruling now on the terms of the resolution, when that resolution is simply the barest kind of synopsis—to the effect that certain amending legislation is to follow—is in my submission going to result in a very serious and unwarrantable interference with the freedom of members to discuss this question in this committee.

May I add this in connection with what I was going to say. I was discussing a situation in this particular housing project. It is something that relates directly to the housing problem, and it is something that relates very directly to the financial provisions which the minister proposes should be made in the amending legislation by way of addition or supplement to that which is provided for in the housing act. In my submission they relate directly to the request that the minister is making for a financial supplement to the provision made in the act today for the assistance of house construction whether

under part I, of owner-occupied houses, or under part II, of houses constructed for rent. The project that I wish to refer to—and I had no intention of being lengthy about it; as a matter of fact I would have been through before this—

Mr. Knowles: It is now one o'clock.

Mr. Fleming: —began as a rental project and has, in the course of time, been turned into an owner-occupied project as a result of sales made by the Central Mortgage and Housing Corporation to the tenants, the ex-servicemen. I am not going to be long about it and, with respect, I think it is quite in order.

The Chairman: As the hon. member is explaining what he wants to talk about, I understand he is making his point.

Mr. Fleming: Not yet.

The Chairman: I want to assure the hon. member that there is no attempt on my part to curtail the discussion; but if he looks at Beauchesne's third edition, citation 439, he will find the following:

> The object of the resolution recommended by the crown is to give the house a first opportunity to discuss the advisability of making a certain expenditure. The details of the projected measure are not then disclosed and debate is confined to the resolution which should not be lengthy, although care must be taken that the terms used are sufficiently wide to cover the whole of the bill which will be subsequently introduced.

This is a resolution preceding an amending bill, and it stipulates that it is to amend the National Housing Act in certain particulars, namely to increase the appropriation provided by section 7 for loans under part I and the appropriation provided by section 13, and also with respect to grants in aid of slum clearance and to certain other matters deemed necessary for the proper administration of the act.

It is difficult of interpretation. When the hon. member begins to discuss a certain problem, it is difficult for the Chair to know exactly whether it falls within the specific terms of this amending resolution. If the hon. member is of that opinion, I should like to hear what he has to say. I think he has said enough to convince me that perhaps it is relevant. I should like him to know that if, in the past, under a limited resolution of this kind the whole of the National Housing Act has been discussed or if housing problems in Canada have been discussed, it may be that the chairman had been the victim of his generosity and that it is not necessarily to be the course followed on every occasion. The hon. member should not be surprised if, on this occasion, I feel that the rules should be observed. As I said before, the hon. member will have another opportunity to discuss housing when the estimates of the minister come before the committee, and that should be shortly. At this time all we have before us is a resolution to precede not the National Housing Act but a bill to amend the housing act in only certain particulars. I should therefore like the hon. member to observe the rules.

At one o'clock the committee took recess.

The committee resumed at 2.30 p.m.

Mr. Fleming: Mr. Chairman, I was seeking to bring my remarks to a close with respect to the matter I was last discussing, namely, the Merivale road project in Ottawa. I had mentioned that, in keeping with the policy which Central Mortgage and Housing Corporation was following in a good many of these projects, in 1951 they offered these houses for sale to the occupants of them.

Mr. Winters: On a point of order, I am not at all sure that the subject being discussed by the hon. member for Eglinton is covered by the bill which will be introduced as soon as this resolution is disposed of. I am inclined to think it is not within the scope of this resolution. I would therefore make two suggestions: One is that the hon. member defer his remarks on this point until the bill is introduced, at which time he can decide for himself whether or not his subject does fall within the scope of this legislation. Second, there will be, as you mentioned earlier, Mr. Chairman, an opportunity very shortly to discuss this and other matters when the estimates of the Department of Resources and Development are before the house. I wonder whether on that basis the hon. member might defer his discussion on this point until later, to save time.

Mr. Fleming: The last three words that the minister used were: "to save time". May I assure him and you, Mr. Chairman, that I would have concluded this subject a long while ago, before lunch, had it not been for the interruptions. It is not a matter that I intend to discuss at great length. It is my submission that it is relevant to the resolution. The minister does not hold out any hope that it would be relevant to the bill. I cannot therefore accept his invitation to defer my observations on this subject until we reach the bill when he tells me almost in the same breath that he does not think the discussion would be relevant on the bill. I shall be very brief, Mr. Chairman.

A number of the veterans who purchased their houses from the corporation, as I have

indicated, about 160 of them, continue to pay rent. On March 30 of this year, while still paying rent, they received a notice from Central Mortgage and Housing Corporation which I think is not a model notice to be followed by landlords in such cases. On the contrary, it seems to me to be couched in very harsh terms as applied to these veterans who have obviously been satisfactory tenants. The notice is signed for the corporation by F. J. Melvin, administrator. It is dated March 30, 1953, and reads as follows:

Dear Sir:

We hereby give you notice to quit and deliver up to this corporation on the 30th day of April next, quiet possession of the premises situated at now held by you as our tenant.

We offer to lease to you these same premises at a monthly rental of $ commencing on the first day of May 1953.

Included in your present rental payment for the house you occupy is an amount of $84.84 per annum which is turned over to the municipality as payment in lieu of taxes. In accordance with a request from the corporation of the city of Ottawa, we have now agreed to collect full taxes from the houses remaining unsold in these projects and this necessitates the new rental stated above. This, we think, is only fair since those persons thrifty enough to purchase their homes earlier have of course been liable to full taxes from the date of purchase.

A new lease, at the new rental, will be ready for your signature at our office any time after May 1, 1953.

If the corporation is now under legal obligation to pay the city of Ottawa the full taxes on these properties, and they are no longer covered by the kind of agreement under which first of all Wartime Housing Limited and later Central Mortgage and Housing Corporation were making payments to the municipalities in lieu of taxes and at a rate usually lower than taxes, whatever they may be, and whatever considerations ought to arise out of that, it seems to me that is a very harsh way to proceed. I should like to ask the minister, as the minister responsible for the administration of Central Mortgage and Housing Corporation, whether instead of taking this harsh course he does not think that this is a matter to be proceeded with on the basis of conference and an attempt to bring together those 160 veteran tenants.

They resent, and quite naturally, the suggestion that they were not thrifty because they did not purchase their homes. I think the minister will agree that is a very invidious sort of comparison to put in a letter of this kind. A notice to vacate or a notice to treat for a new lease or new rent is one thing, but to suggest to the recipients that they have not been thrifty is I think an insult to many of them. As a matter of fact, many of them have not bought because they were not in a position to do so. There is this further fact. I am told that many of them say that they were orally assured by officials of Central Mortgage and Housing Corporation at the time when the tenants were invited to purchase their homes that whatever they paid by way of rent would be taken into account in establishing the price in the event of purchase. They are now told that the corporation does not acknowledge that in the case of those who did not buy at that time; that no right arises in their behalf in consequence of having paid rent.

I say to the minister with respect that that is something he should look into and make sure that justice is going to be done to these veterans. Certainly there is no occasion for giving summary notice to a group of worthy veterans, 160 in number, who have obviously been very satisfactory tenants. Therefore if the tax position is changed, if it is costing the corporation more to carry these properties, then that of course must be taken into account, but it is not a justification for treating these veterans harshly and summarily in the tone of this letter.

I bring that matter to the minister's attention and ask him to delay proceedings of this kind and to negotiate with these veterans and find a better way of meeting the problem than is indicated in the way it has been handled heretofore.

In conclusion may I ask the minister for a fuller statement of policy than he gave the house this morning. The house and the country are entitled to know what proposals the government has to make to the house for making more progress in meeting the housing problem than is being made at the present time. Whatever may be said of these amendments—and there will be fuller opportunity to discuss them when the bill is before the house—the house is entitled to some clear statement of policy that will indicate that something more effective is going to be done than is being done at the present time.

Mr. Noseworthy: I make no apologies for speaking at some length on this resolution. Housing is still one of Canada's most baffling social problems. This resolution has been on the order paper since December 5, and I submit that if the government had assigned to it the place and time that its seriousness merits it would have been called earlier. It would not have been hurried through parliament in the last week or two of a parliamentary session. It would have been passed on to a committee where ample opportunity would have been given for the study of this very serious problem.

With the single exception of national defence there is no subject today of any more

vital importance to great numbers of Canadian people than is that of housing. Every year since I came to parliament we have had a debate on this subject. In session after session hon. members on this side of the house, as well as hon. members on the other side, have put forward suggestions to the government as to how this problem could best be met. But we have gone on year after year without being any closer to reaching a solution than we were some years ago.

The amendments which will be introduced as a result of the legislation before us may help, in so far as they make more federal funds available. To that extent the measure will help the situation. But I submit that although for years Central Mortgage and Housing Corporation has been trying to work with private lending organizations, with real estate boards, with associations of speculative builders and with provincial governments, it has not yet reached any solution to our housing problem. The situation today is as bad as it was at the end of the war.

There are no official figures as to just what the need is; but officials have estimated that today in Canada we need anywhere from 600,000 to 700,000 homes. The 500,000 which have been built since the war have not provided for the new families created in that time. The backlog has increased, and under today's policy nothing is being done to catch up with that backlog.

Housing is something more than just the process of obtaining places in which to live. As I have said, it is a social problem. In a special issue on housing dated December 15, 1952, the Canadian Welfare Council has much to say about the effects of poor housing upon our community life. In part the article states:

> It has become well known from studies made in large and small cities that the rates of juvenile delinquency, disease, retardation and other difficulties at school, serious home accidents and fires, are higher in neighbourhoods of poor and overcrowded housing than in others.

Newark, New Jersey, has made a study, published under the title "Social Effects of Public Housing" in which the following conclusions are reached:

> The disease, accident and juvenile delinquency rates, which could be measured exactly, were better among the re-housed groups than among the control groups. In the things which could not be measured exactly, and in which the re-housed group could not be compared statistically with the control group, the study had to rely on reports from the mothers: The majority of the mothers said their children had improved in their school work, were easier to keep clean, had better places to play; that their families were happier, and had been able to save money or purchase equipment for their homes. One hundred per cent reported no fires or serious home accidents.

That report goes on to look at the other side of the picture, housing as a social problem.

> What is the other side of the picture? When housing is poor, health suffers, there is friction among members of families; budgets are thrown out of gear, families are often separated, social agencies find that they are frustrated in their efforts to help, children cannot play properly, new Canadians get fed up, and the costs of health and welfare services are too high.

And then are set out page after page of details from investigations held in Montreal, Hamilton, Toronto, Halifax and other Canadian cities, pointing out the disastrous effect upon society of bad housing conditions.

I believe the trouble with our housing policy under this government is that the government has placed the cart before the horse. In its anxiety to bolster private enterprise the government has placed the interests of lending institutions before the interests of the community at large. As a result we are not getting housing at a price that the majority of Canadians can afford, either to purchase or to rent. We must recognize that housing is a social problem, and that the provision of government assistance in housing for people who cannot afford either to buy or to rent accommodation is no more socialistic than the provision of hospitals, schools and pure water on a community basis.

I think we must change our entire point of view in connection with this whole business of government assistance in housing. This is not a field that should be left free for private enterprise to exploit. It is of far too great importance in the life of the community to be left to exploitation for profit by private enterprise. It is one field in which the government is justified in giving a public service through the provision of homes at prices people can afford to pay.

The social cost involved in government subsidies for low-rental housing, or the cost which would be involved in a government policy which would make loans at a much lower rate of interest than offered by the private lending companies, would be more than offset by the savings that would be effected in other services communities are called upon to give, by reason of the fact that there are poor and overcrowded housing conditions.

Let us look at the results of the government's housing policy to date, so that we may realize just how far short of providing a solution this resolution falls. Since 1950 there has been a decline in the actual number of houses being built. I submit that a successful government policy, a realistic policy designed to meet the needs of the people instead of the interests of the lending

institutions, would be a policy that year after year would bring about an increase in the number of houses being built.

The second indisputable fact is that the backlog of housing which existed at the end of the war has increased. We have not been able to close the gap between the need which existed at the end of the war and the supply. As a matter of fact, we have not been able to provide enough houses to house the new families of Canada.

The third fact that must be recognized is that as a result of the present government policy the cost of houses today places them beyond the means of most Canadian people. We have it on the authority of Mr. Mansur that only those with incomes of $3,500 a year or more can avail themselves of the benefits offered under the National Housing Act, that only those with incomes of $3,500 and more have sufficient income to meet the carrying charges on some of the cheapest houses, those costing in the neighbourhood of $10,000 which is the cheapest house being built under the National Housing Act.

The fourth fact which I think we must recognize is that there is a desperate shortage of rental housing. Mr. Mansur again tells us that $85 per month is the lowest economic rent that can be charged for a 4-roomed fully serviced dwelling house. Eighty-five dollars a month is just more than the average workingman can afford to pay today. Any housing policy that is designed to meet the needs of the people of this country will make some provision for rental housing because we are told on good authority that at least one-third of the people of Canada cannot buy or expect to pay for homes.

I know that section 35 of the housing act provides for rental projects being undertaken in co-operation with the provincial and municipal governments, but for some reason these projects are not making very much headway. They are not meeting the needs of the people. They are not meeting the situation. The government says that the initiative must be taken by the local municipality. Surely there is a place here for more dynamic leadership on the part of the federal housing authorities. Surely there is room here for the federal housing authority taking steps to encourage municipalities to get into this field in co-operation with the provincial and federal governments so that low rental housing may be provided.

Next, we have not as yet had any comprehensive planning on a community basis. What work the government's housing authority has done has been on a piecemeal basis. It has been project by project, street by street, and a bit here and there to relieve the direct conditions. There has not yet been evolved by the government or the housing authority any comprehensive housing plan on a community basis to meet this problem.

There is another aspect of this matter which is sometimes lost sight of. Over the last few years tens of thousands of Canadians have bought homes and assumed mortgages. Should we have a business recession, should there come some unemployment or reduction in wages, these people will lose the homes they have acquired and into which they have put their savings, just as surely as they lost them by the thousand in the early thirties.

This is not an impossible situation. Only a few days ago when the first news of a possible peace came there was a slump on the New York stock exchange which indicated how sensitive modern business is to present conditions. As a matter of fact there are those who wonder whether we can afford peace and maintain prosperity under our present economic system. People by the thousand have assumed mortgages over the past few years on houses costing $10,000, $11,000 and $12,000 which they will be able to hold only so long as we maintain prosperity, full employment and high wage levels.

I submit that the present situation with regard to housing is all the positive proof that is required that some radical changes in the government's policy with regard to housing is necessary. The present policy, whereby the federal government agency, Central Mortgage and Housing Corporation, enters into contracts with private lending institutions to make loans available to builders, has not proved to be a workable solution to our housing problem. That approach to the problem may be good for the lending institution but it is not getting homes built at prices at which most Canadians can afford to buy or rent. I submit that the supreme test of any housing policy is not its financial benefits to the private lending institutions, it is whether or not it gets houses built at prices at which people can afford to buy or rent. Judged by that standard the government's policy in connection with housing since the war has failed, and failed miserably.

Interest rates on loans are one of the most important factors in carrying charges on homes. We hear a great deal about the increased cost of labour, the increased cost of materials and so on, but we hear little about interest charges. Mr. Nathan Strauss in "Seven Myths of Housing" tells us that a reduction in financial charges, interest and amortization by one-half would effect a greater reduction in annual cost than cutting

in half the cost of both material and labour. The reduction by one-half of interest and amortization charges would reduce the overall cost of a house more than it would be reduced by a one-half reduction in the cost of both material and labour.

Catherine Baur, another housing authority, tells us in the *International Labour Review* of July, 1945, and she gives a statistical table to support her statement, that a reduction of 2 per cent in interest rates will mean a bigger saving in the total cost than a 20 per cent reduction in the cost of the structure itself. In my opinion it is not reasonable to expect the private lending institutions to lend their money for housing projects at interest rates which would bring the cost of these houses within the reach of those who need them. I submit that is the function of government. The private loan companies exist for the express purpose of making a fair return on their investment for the benefit of their shareholders. There is no one criticizing them for doing that. It is not their function to provide a social service to the community. I submit that is the function of government.

Another drawback to the government's policy on housing, in addition to the high interest rate which is required by reason of the government's policy, is the burden which is thrown on the municipalities. Mr. Mansur has told us that one of the great drawbacks is the lack of serviced lands. The municipalities are loath to provide serviced land, to provide school facilities and so on for the new communities where large housing projects are undertaken. It has been estimated that, under such circumstances, a municipality is called upon to be responsible for about $2,000 per home through the provision of serviced land, various other services, school accommodation, and so on. Today, the municipalities are loath to undertake that responsibility. That is one aspect of the housing problem which this government's policy fails to meet entirely.

In order to help the drastic housing problem, I want to place on the record a few suggestions advocated by the C.C.F., suggestions that have been approved by our national organization and which may be considered as official C.C.F. policy on the matter of housing. I shall outline these briefly and comment on them later. In our opinion a policy that is to meet the needs of the Canadian people regarding housing must, first of all, provide a reduction in interest rates to 2 per cent by having Central Mortgage and Housing Corporation solely responsible for the issuing of these loans. We recommend that the federal government should set up a special fund for this purpose, and that money from this fund should be available not only in the industrial centres in which lending institutions now lend money, but in the small communities and farming districts where private lending institutions will not lend money at all for these purposes.

Secondly, we suggest that there be an increase in loans from 80 per cent to 90 per cent of the lending value of the housing project. Third, we recommend an increase in the amortization period. Most of the current loans now run for twenty years. There have been some forward steps taken recently whereby the period has been increased to twenty-five years. We recognize that good housing authorities now maintain that that amortization period should be extended to thirty or thirty-five years in the case of houses of brick or similar construction.

The fourth suggestion is the inauguration of rental subsidy funds on condition that only municipalities or public housing authorities should receive the subsidy. Such a subsidy would be granted on condition that the municipality or recipient would comply with the requirements of a comprehensive housing program. This subsidy would permit a sharp reduction in the present high rents so that the low income dwellers, who cannot afford to build homes under even the most favourable conditions, would benefit. The fifth point we suggest is that the federal government make grants to the provinces to be turned over to the municipalities for the construction of schools and other public facilities which are presently a heavy expense charged to the municipality when a new housing site comes into being. On this point I am in complete agreement with the hon. member for Eglinton when he suggests there should be a conference of federal, provincial and municipal authorities in an effort to work out some plan whereby the federal government will come to the assistance of municipalities in meeting the cost of school construction and the provision of other facilities.

We submit that housing is of sufficient national importance to warrant the federal government taking some action in this connection. Finally, we submit that there should be an increase in the number of scholarships provided under the National Housing Act to train a larger number of badly needed administrators in the housing field. We commend what is being done already in that field. I understand that somewhere between nine and ten scholarships are granted annually. Our suggestion is that the number of scholarships should be increased and that

more housing administrators should be trained.

We put forth these suggestions on the premise, as I said before, that housing is a social problem. It is not just an economic problem, but it is a social problem of great national importance. It is not simply a matter of finding a place in which people may live. It is a matter which will have a direct bearing upon the lives and upon the happiness of our Canadian people.

Mr. Johnston: Mr. Chairman, this is not the first occasion upon which I have had the privilege of speaking about housing. I do not think there is a question which is of greater interest to the Canadian people than housing, because nothing gives greater dissatisfaction to the people across this country than living in poor housing accommodation.

On many occasions, Mr. Chairman, I have condemned the type of housing which the government has built in the past. That goes back from the very inception of the national building program. After the war when we started to build wartime houses some of the most terrible structures were built in the name of houses. We come to the veterans' housing, V.L.A., and that too, a government-sponsored affair, was a disgrace across the country. I know that it did provide some shelter for the returned men but I said at the time that it would not be long before that kind of house would be a disgrace to the community in which it was built. Even now you can go through the city of Ottawa, the city of Winnipeg, the city of Calgary or any other large city and you can pick out those V.L.A. houses as far as you can see them. People are somewhat reluctant to buy property in the vicinity of V.L.A. houses because they are eyesores in the community in which they are built.

Mr. Prudham: They are all right in Edmonton.

Mr. Johnston: Well, perhaps you had something to do with building them, I do not know—and I do not know whether contracts for them were let out to tender—and that is just a passing reference.

Mr. Cruickshank: Where are these houses?

Mr. Johnston: I am serious, Mr. Chairman; they are not a good thing for the communities in which they were built. They do serve a purpose, which is shelter, but surely in this day and age we can build more than shelter for our people.

Mr. Cruickshank: We are mighty proud of them.

Mr. Johnston: It seems to me, Mr. Chairman, that our attention is being centred too greatly on apartments and rooming houses and such like rather than having the main emphasis put upon private homes. I am not overlooking the necessity for having low-rental projects, I think they are necessary; but it seems to me that the greatest effort should be put upon building homes for families. It is not a good thing in my judgment to have a number of families housed in a rooming house project. That is not conducive to the good bringing up of children. There is no adequate place for the children to play and the grounds are not adequate for beautification of the structure after it is built. I think that one of our big mistakes is that we are not paying sufficient attention to home structure for the single family unit.

Again, Mr. Chairman, the housing programs which we are undertaking now are not doing the job they were intended to do. We are not building homes for the people who need them. It is senseless to say that you have to have a Central Mortgage and Housing Corporation set-up costing over $80 million a year, and that you have got to have a lending institution to lend money to a man who is drawing $15,000 or $20,000 a year. He can look after his own problems and so can the fellow who is getting $7,000 or $8,000 a year. The people we are concerned with are those who are not in a financial position to have available that kind of money. The minister himself realizes this, for when he was speaking not long ago at the banquet of the Appraisal Institute of Canada, as reported in the Ottawa *Citizen* of Thursday, April 2, 1953, he had this to say —and I wholly agree with him though I am amazed that he is not doing anything about it. It is headed, "Low Rent Aid":

> Mr. Winters said that not more than one-third of Canada's families could afford new houses—

I heartily endorse that.

> —either to rent or to own. In the past, this had been overcome by families living in houses that were second, third, fourth or even fifth hand.
>
> But if enough new houses weren't found, he stated, it would affect the people at the bottom of the scale—the people who were living in dilapidated and obsolescent housing.

I would not dispute that for a moment. I think it is exactly the case, and those are the people whom the National Housing Act is supposed to be assisting.

What are we doing about it? Not a thing. We cannot use the excuse that there is a shortage of material because all of the builders' organizations in the country, and the department too, have stated on many occasions that there is ample building material in the form of lumber, plumbing equipment and so on. In days gone by, there might have been the excuse of shortage of materials but that condition does not exist today.

I have here a clipping from the Ottawa *Citizen* of Monday, February 16, 1953, headed: "The Government's Modest Housing Target".

With labour and materials again in good supply, it has become physically possible to start building more homes than at any time since the start of the Korean war. Yet the government's program does not seem over-ambitious. Speaking in Winnipeg, Mr. Winters, the resources minister, said merely that 1953 construction might reach the "high" levels of pre-Korea years. In 1950, 92,000 dwelling units were built. This construction about kept pace with new demand, but did little to reduce the backlog. Since then, home building has fallen. In 1951, only 68,000 new units were started. Last year, the figure was 76,000. Yet the need is greater than ever, for family formation and immigration have continued at a high rate.

So once again the minister says that we are not doing the job as it should be done.

In speaking of materials and how we are keeping our program up with the times the National Housebuilders Association in a circular dated February 25, 1953, gives "Facts and figures for your use in the debate on housing".

House production is dropping. Despite an upward trend in the last half of 1952, production for the year was only 75,000 units, 10,000 less than in 1951 and 17,000 less than in 1950.

Those are dominion bureau of statistics figures.

Our backlog of unbuilt housing is growing. The total is now 490,000 units made up as follows:

Backlog, 1944 (Curtis report):	320,000
Excess, net families formed over houses built, 1944-52 (DBS):	50,000
Allowance for obsolescent houses not replaced, 1944-52 (Curtis report):	120,000
	490,000

That certainly does not indicate that we are making any progress in this housing field. The minister has pointed out on many occasions, as have others, why the condition exists. There are apparently some obstacles in the way of home building but certainly labour is not one of them, because I remember seeing a report put out not so long ago by the contractors organization where there were something like 40,000 or 50,000 unemployed carpenters looking for jobs. One of the obstacles that have been brought forward is the lack of serviced land which is said to be holding back our building program. I do not think that should be a serious problem, but I will discuss it later on. The second obstacle to home building is the down payment; and the third is the shortage of mortgage money.

Let me speak about the serviced land for a moment and see whether that should offer such a great obstacle to our house building program if it is properly conducted. Here is what was done in the province of Alberta; and you will excuse me if I keep referring to the province of Alberta because it is one of the most outstanding provinces. When you are talking about progress you just cannot help referring to it. It was in 1950 that the province of Alberta started what they called a program of self-liquidating projects. Under that program of self-liquidating projects they included such things as water systems for municipalities, electrical supply for municipalities, construction in part of schools and so on. They set up a $5 million revolving fund and they lent that money to the municipalities at 2 per cent. As far as my figures go, up to the present time of that money $460,000 has been paid back and they have not lost a penny of it yet. The fund was established in 1950 and since that time $17 million has been placed in it.

I do not see what better security you could have, under the heading of a self-liquidating project, than a man's home. If a man gets into fairly tough straits, he will even sell his car in order to keep his house intact. He will cut down his standard of living to make his monthly payments on his home. It forms the very basis of security. This year, in 1953, the province of Alberta has budgeted for a little bit over $174 million. Out of that amount there has been set up an additional fund of $25 million to further assist the municipalities. I have heard some talk here this afternoon about the municipalities being overburdened. I suggest to you, Mr. Chairman, that they are overburdened; but I also suggest that the province of Alberta is assisting the municipalities in developing self-liquidating projects at an extremely low rate of interest.

An hon. Member: They have oil.

Mr. Johnston: Oil is not the main factor at all. In 1951—and my mind goes back to those figures because they are given by the dominion bureau of statistics—if I remember correctly our total income on oil that year was $121 million. That did not begin to equal the revenue which was obtained from cattle and hogs in the province of Alberta. It is true that oil has been of assistance to us, but it has not been the main factor of our prosperity by any manner of means. Agriculture is by far the leading and basic industry of western Canada and it is the backbone of Canada as well. Let nobody say, "Oh well, it is because you have oil out in Alberta." Certainly oil has helped us, but our plans were laid a long time before oil began to be produced in any large amount.

I think if the provinces were to assist the municipalities, as I have indicated, by setting up a revolving fund for self-liquidating pro-

jects such as sewers, light, roads, schools, streets and water, it would go a long way towards solving that problem of servicing land.

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

Mr. Johnston: Yes.

Mr. Prudham: Is that revolving fund still in operation in Alberta?

Mr. Johnston: As far as I know, yes; and they have increased it to $25 million now. That was according to the 1953 program. But the $25 million was an additional aid to the municipalities. If my memory serves me correctly, I think the rate of interest was 2½ per cent on that $25 million but 2 per cent on the $5 million. I suggest that the federal government should take a lesson from that example.

Mr. Cruickshank: God help us.

Mr. Johnston: I beg the hon. member's pardon?

Mr. Brooks: He said "God help us".

Mr. Johnston: My hon. friend was looking for divine aid? Maybe a little bit of it would do them good.

The next obstacle to housing that I mentioned a moment ago was the down payment. That was the big trouble according to the Minister of Resources and Development (Mr. Winters) when he was speaking to this Appraisal Institute of Canada on April 2. The problem that was in his mind was the fact that we are not doing anything to assist these people who are in the low income brackets, and well it might be, because there is where the difficulty lies. But I do not think as yet he has solved that problem. He might say to me that there are instances where the Central Mortgage and Housing Corporation is lending money at a cheaper rate in some localities; and I think over there in Hull was one of them, if my memory serves me correctly. But under the Central Mortgage and Housing Corporation loans are guaranteed up to 80 per cent of the lending value. That does not mean for a moment that they are financing the construction of that house.

The big question that comes in there is the lending value. For instance, a house might cost $15,000 but the Central Mortgage and Housing Corporation does not value that house at $15,000. They might say that the lending value of that house is only $10,000; and I think that in 90 per cent of the cases that is exactly what they do, because they are making themselves doubly sure when they set the appraisal value of that house. Then they lend up to 80 per cent of that value. Then the lending institutions come along and charge 5¼ per cent, for interest on the loans which they make. How can people who are so poor that they cannot afford the down payment on a house pay 5¼ per cent interest on a loan? It just cannot be done, and the obvious truth is that they are not doing it. Therefore they are not getting homes. The minister can go out to these institutes and preach all he likes, and he can say, "There is where our trouble lies"; but what is he doing about it?

I well recall, Mr. Chairman, just after the war or in the last part of the war, what took place when there was no place for the mortgage companies to lend their money; the farmers were getting out of debt and so were the others. The government came to their aid and put up to them this housing proposition whereby they could lend their money out at a good rate of interest. Then just as soon as other fields become more attractive they cease lending for home building and put their money out on those other projects. I do not think it should be the purpose of a national housing plan to assist financial corporations. If we are going out to build houses, let us build houses and not go into the financial field.

Under N.H.A. a house may cost $11,600. The maximum loan on that house, under the present set-up, would be about $7,906 and the down payment would be $3,154. According to the bureau of statistics, about 75 per cent of the people of Canada earn less than $3,000 a year. Just where is the ordinary man going to get a down payment of $3,154 on a $11,000 home? When he does not even earn that amount in the full year, where is he going to get the money? For us to stand up here and say that this class of society can build homes is just nonsense, when they do not earn that amount for a full year's work.

According to the dominion bureau of statistics, 1951 census report, about 75 per cent of 2 million families earn less than $3,000 a year. Nineteen per cent of these earned between $2,500 and $3,000; 25 per cent between $2,000 and $2,500; and 22½ per cent between $1,000 and $2,000 and 7 per cent of these earned less than $1,000. The number in the last group consists of about 132,000 families. When you find people with incomes within these brackets you ask yourself, just how are they going to get a down-payment of $3,150 to build a house? So far as I know, any plans the government has will not meet that problem.

The next obstacle I mentioned was the shortage of mortgage money. Last year we used about $175 million. This year it is expected we shall use about $225 million.

When it comes to these mortgage companies lending money we find that they are not taking much risk. In the first place, their appraisal value is down below the actual value of the house. In the next place, the government guarantees them 25 per cent loss. What have they got to lose? But yet, according to the public accounts of this year, the government lost $686,837.04. That is quite a loss and it came about because of their guarantee. That information may be found on page 34 of the public accounts.

What is going to happen because the lending companies have refused to lend this money? Somebody suggested that they were on strike. That was a very good term to use, but the minister objected to it; therefore I will not press the point. The fact is they are not lending the amount of money that they did before, and they are beginning to tighten up still further.

If that is the only source of money, and they refuse to lend it, how are you going to build these houses for the people in the low income brackets to whom the Minister of Resources and Development referred a while ago?

I suppose it would not be right to criticize the government, the Central Mortgage and Housing Corporation or the lending companies if I did not have something to suggest. It is common practice in this house to criticize the government and then not offer some solution to the problem. I have some suggestions. I would suggest first that you get rid of that white elephant, the Central Mortgage and Housing Corporation. It has been riding on the backs of the already overburdened taxpayers long enough. It may have had a purpose in days gone by, but I think that purpose has been served, and we could get on very well without it. One of the main purposes of Central Mortgage and Housing was to see that the building standards laid down under the National Housing Act were followed out. That has never been done in the majority of cases.

I can recall when these projects first started. Wherever you found difficulty it was in the lack of proper inspection. Mind you, Central Mortgage and Housing never did take the attitude, so far as I know, and certainly the officials to whom I have been speaking never interpreted their duties in that way, that they were to supply inspectors and see that the house was built according to the plans and specifications. What they were to do was to see that the house was built to their satisfaction. They thought that was all that was necessary. When I pointed out on many occasions that inferior cement, material and workmanship were employed in a house, Central Mortgage and Housing authorities said: "Well, it is to our satisfaction."

The hon. member for Red Deer spoke of a project in Namao, Alberta, the other day. The difficulty arose there where Central Mortgage and Housing was supervising. The inspection was poor. I have said on many occasions—and I have said this to the minister—I do not think the federal government can supervise building construction all over Canada. It is just too big a job. Experience has proven that Central Mortgage and Housing Corporation is unable to do the job as far as proper building inspection is concerned.

I am told—I do not know how true it is—they have even fired some of the good inspectors.

An hon. Member: They were too honest.

Mr. Johnston: I am not going to argue that point.

Mr. Hansell: They did their work too well.

Mr. Johnston: I did talk to an inspector who passed a house for the government. The plans called for No. 1 flooring. The floor was covered with paper, and it was a poor No. 2 flooring. He passed that house for the government. I said to him: "Did you not see the floor?" He said: "It was covered with paper."

An hon. Member: They paid for No. 1.

Mr. Johnston: Yes. That fellow was never fired. He should have been booted off the job. An old trick like that has whiskers on it. It is an old trick to have a floor covered with paper, have the government inspector come in, walk over the paper and pass the house. That was not an isolated case at all. There has never been proper inspection in the many cases that I can recall. I am going to suggest to you, Mr. Chairman, that we get rid of the Central Mortgage and Housing Corporation and in its place set up another type of organization. I recall that not long ago—

The Chairman: I have been searching the records long enough now to have accumulated some evidence on what has really happened in the past in the discussion of the resolution amending the National Housing Act. Before one o'clock, while the hon. member for Eglinton was speaking, a lot of argument took place on the latitude which had been allowed in the past on a resolution of this kind. Therefore I did not see fit to stop any other hon. member until I could ascertain for myself what had been the practice. I have had all the *Hansards* since 1949 brought in

to me and I have looked them all up to see what the procedure had been in the past on the resolutions preceding an amending bill of the National Housing Act. I find that a discussion wide in scope covering the whole of the national housing problem in Canada took place only when the minister himself chose to make general observations as to the problem before he commented specifically on the measure which was to follow the resolution. I find, too, that in committee I had to intervene and ask the hon. member for Eglinton to confine his remarks to the subject matter of the resolution. Of course at that time debate was permitted on the motion for Mr. Speaker to leave the chair to go into committee of the whole on the resolution.

In the second year the bill was introduced in the Senate. It was not a money bill, and therefore when it came here it received first reading, and there was hardly any debate at all. The minister just made an explanatory statement. There was not much debate on second reading either, and a few observations on third reading. Therefore I think it would be quite proper for us now to agree to limit our observations to the resolution before the committee.

In this connection I would refer hon. members to page 1767 of *Hansard* for November 15, 1949, where the minister, moving second reading of Bill 142 of that session, said:

> Before commenting upon the proposed legislation I should like to make some general remarks, including a few references to what has been achieved in the field of housing by the aggregate efforts of all who have concerned themselves with this important activity.

At that moment, although we had before us only an amending bill, because the minister chose to make a general statement on the problems of housing in Canada, we had a general debate. But, later on in committee, that debate was restricted to the terms of the resolution itself. My words on that occasion were to the following effect, that, as the resolution before the committee dealt with amendments to the National Housing Act, I must ask the hon. member who was then speaking to confine himself to that resolution.

In other words, these records show that in the committee on the resolution, so far as possible the debate was confined to the subject matter of the resolution. But when Mr. Speaker was in the chair, on the motion that he leave the chair, the debate had been general in scope because the minister had made a general statement.

Mr. Johnston: I understood the objection taken when the hon. member for Eglinton was speaking was that he was referring to a specific case. I have not been referring to specific cases at all. The resolution under discussion is that it is expedient to introduce a measure to amend the National Housing Act, 1944. That is the language about which I am arguing.

[The Chairman.]

The Chairman: The hon. member will have to add that it is to amend the National Housing Act, 1944, in certain particulars. I stopped the hon. member for Eglinton this morning when he was referring to the cost of the building which now shelters the National Housing Act administration and, secondly, when he referred to a certain project now undertaken by a lending institution and, I think, guaranteed by Central Mortgage and Housing Corporation.

I stopped him in those two instances. Since that time I have been checking the record to ascertain whether or not in committee on these resolutions debate of the whole national housing problem has taken place. I find to my satisfaction that that has not been the case.

One opportunity for debate is now eliminated because of Mr. Speaker's ruling of recent date which states that on the motion for Mr. Speaker to leave the chair there shall be no debate. Therefore in committee we must follow the procedure which has been followed in the past, at least since 1949, and that is that discussion must be strictly relevant to the resolution, and the proposed amendments contemplated by the resolution and the bill to follow.

Mr. Graydon: Mr. Chairman, perhaps there may be cases when the ruling you have just made would be applicable, and would prove the point you have now attempted to make. It seems to me, however, that this resolution is in an entirely different position from most of those to which you have been referring, because as I see it this one does allow for a general discussion, and for the simple reason that in this resolution we are dealing with an increase in the appropriation in respect of loans provided by section 7 of the act, such increase to be from $300 million to $500 million. Then, in addition to that, there is provision whereby under part II there shall be an increase from $150 million to $250 million.

I suggest that when the minister introduces these increases in the appropriation, at the same time he opens the way for debate on matters which would be covered by that increase. It seems to me this opens the subject matter pretty wide, and I suggest that the chairman ought to be very careful in not trying to restrict discussion, in view of the fact that these appropriations are being made for those very things hon. members have been discussing.

The Chairman: I do not wish to prolong discussion on a matter of procedure. I fully realize that if we do not have the co-operation of hon. members—in other words, if hon. members have made up their minds that they are going to make general speeches in respect to housing on this resolution—I do not see how I can stop them. I am free to confess that; because in debating a similar resolution in the past I have known occasions where, for instance, certain hon. members have argued that unless they were given a statement of policy in the matter of rent control they were not prepared to proceed with a debate amending the National Housing Act.

Any number of arguments can be made. If hon. members wish to discuss national housing problems generally on this resolution, then I do not think I can stop them, because we will just keep on arguing every time an hon. member rises. We will hear the argument that what he has to say is relevant, and that it has to do with what takes place under the National Housing Act. But I would ask hon. members to remember this, that so far as the performance of my duties here is concerned, I am tied by two directives, the first of which is found in that standing order which says that discussions in committee of the whole shall be strictly relevant to the resolution under debate. The second is the citation from Beauchesne's third edition, to which I referred this morning, and which says that the resolution in committee is merely indicative of what the bill is going to be, and that at this stage we are merely deciding as to the advisability of making certain expenditures.

Confined within those limits, all I can do is to ask the co-operation of hon. members. If they feel they should discuss cases concerning contractors who have not built properly, or if they feel they should discuss the building of Central Mortgage and Housing Corporation on the Montreal road, or if they wish to cover the whole field covered by the National Housing Act, all I can say is that I will hold in my mind the view that they are going far afield from the amendments suggested in this resolution.

Having said that, I shall ask hon. members to carry on the debate, having in mind that they should restrict rather than increase the latitude of discussion.

Mr. Johnston: I shall try to keep within your ruling; I always do. Indeed, I thought I was doing exceptionally well, and that I was staying within your ruling by not referring to any special cases. I had plenty of them in mind, I may say.

One of the things the Prime Minister indicated some time ago was that he did not think the federal government should become landlords for the people of Canada. I agree with him wholeheartedly. But I think we are rapidly approaching the position where we are going to be landlords, unless some changes are made.

I suggest there is a way out of that difficulty. My first suggestion would be to get rid of Central Mortgage and Housing Corporation. If they have performed a duty in the past, then that duty has been fulfilled, and we should pension them off, or take whatever procedure would seem to be best fitted to the process of getting rid of them.

The second thing I think should be done is that the government should set up a revolving fund of, let us say, $500 million—and I am not saying what the exact amount should be—and that these sums of money should be lent to the municipalities at a rate of interest not exceeding 2 per cent. I mentioned a moment ago that Alberta had had outstanding good luck in the repayment of money to the revolving fund they had set up. Something like $460,000 had been paid back, and up to date they have not lost a cent.

Mr. Winters: Does the hon. member know what the Alberta government has done by way of restricting their legislation this year in that field?

Mr. Johnston: As I indicated a moment ago, the only information I have is from a report of the budget speech by the premier of Alberta. It seems to me that he has gone even farther than that. I should like to quote from the Ottawa *Citizen* of March 7, 1953, where they give an account of Mr. Manning's budget speech, which reads in part:

> He also had good news for those municipalities finding it hard to keep their services in step with their growing population. He gave details of a plan for a $25 million revolving fund, part of a broader scheme to share Alberta's increasing revenues with the municipalities.

That is in addition to the $17 million I was speaking of a while ago in connection with which they had already received back $460,000 from the self liquidating projects. If a province like Alberta can put aside $25 million from their budget to provide a revolving fund to assist the municipalities in these self-liquidating projects, the federal government could set up a revolving fund of, say, $500 million to be loaned to the municipalities, through the provinces of course. I recognize immediately that there has to be some control over this money and the proper control would be through the province to the municipality.

It seems to me that that would immediately relieve the federal government of the burden of having to supervise the construction of these houses. That would then become the responsibility of the municipality. That would

mean that municipalities—I am thinking particularly of Calgary—would not permit the type of construction that has been allowed under the National Housing Act. I think the best thing that could happen would be to have the responsibility of seeing that these houses are properly constructed according to the plans and specifications, laid down by the federal government if you like in conjunction with the provincial governments, placed on the municipalities. The onus would be taken off the back of the Minister of Resources and Development, and I imagine that he would like to get rid of that responsibility.

On the other hand, the municipalities could set up construction committees. There is not a municipality in Canada where competent contractors and builders could not be found. Competent construction committees could be set up and would be right on the job to see that the plans and specifications were carried out in the interests of the person who was going to buy the house. You would then not have the outrageous examples we have had of poor inspection. Certainly under a system like that the government could not possibly lose more than they lost last year, when according to the public accounts they lost $686,000. Alberta lost nothing with their revolving fund. I do not think we would lose any money at all, and the responsibility would be on the municipality, where it should be, to see that the construction was carried out according to the plans and specifications.

That brings up the problem mentioned by the minister when he was speaking to the Appraisal Institute of Canada. How are you going to make it possible for people with small incomes to get houses? As I said a moment ago, the home is the best security you could have for money. The down payment could be made as low as $500 and there would still be sufficient equity in the house to cover what was owing on it at any time. Then a small monthly payment could be set to take care of the upkeep and deterioration of the property, unless the government was intending to go into a money-making scheme, and I do not think that is its intention.

I have just been handed a clipping from the Edmonton *Journal* of March 3, 1953, which states that last year the city of Edmonton received a loan of $1 million from the fund. In the three years the fund has been in existence Edmonton has borrowed $3,900,000. That answers the question the minister asked a minute ago. It would appear that the fund is being continued.

Let me get back to the other point. I think the monthly payment could be made quite small, possibly no more than $25, $30 or $35 for low-priced houses. That is only an estimate. The amount would have to be figured out over a period of years. That would meet the difficulty we have been running up against over the past few years. It would certainly meet the difficulties mentioned by some of the speakers this afternoon. It would give definite relief to the municipalities; it would increase home building by the lower income groups, which is what we all greatly desire; it would result in the building of better homes; there would be a smaller loss by the federal government; we would get away from the tremendous cost of keeping up Central Mortgage and Housing Corporation; the federal government would get rid of a terrific headache and the people would get better homes. It seems to me that it would be a better plan all the way through.

I do not suppose the federal government will pay any attention to this. I may be entirely wrong in what I have said, but at least the government cannot say that we have not offered some alternative. This is not something that has been tried and has failed. Quite the contrary, this revolving fund idea has been found to be of the greatest success. As I suggested, the home is the last thing that a man will let out of his grasp if he can possibly hang on. It is one of the first things that we should see the Canadian people have. I believe that with a proper organization to carry this out we would have much greater success in our national housing program.

Mr. Winters: I would like to deal with one or two of the points raised by the hon. member for Bow River. I think there are misunderstandings which led to several statements he made. The amount of the loan under the joint loan technique is no longer related to the lending value; rather it is related to the agreed sales price. That was one of the points upon which the hon. member based an argument.

Mr. Johnston: Is that the present sales price? If so there still is no difference.

Mr. Winters: The agreed sales price at the present time, yes. Builders in Alberta and elsewhere are building and selling houses at prices lower than the agreed sales price, the agreed sales price being the figure agreed upon in the first instance by the builder and Central Mortgage and Housing Corporation, jointly with the lending institution, before there is qualification for the 80 per cent loan.

There are some areas in Canada where difficulty is being experienced with the agreed sales price, but with most builders and in most areas in Canada the technique is working satisfactorily and it has proved to be a good weapon in the fight against inflation.

The hon. member dealt today, as he has on many occasions—I am always glad to receive his criticism—with the inspection of houses, and he related his remarks to the standards under the National Housing Act and said they were too low.

Mr. Johnston: I did not say they were too low; the point was that they were not being lived up to, no matter what they were. I think the standards set by Central Mortgage and Housing Corporation and the National Housing Act are fairly good provided they are lived up to.

Mr. Winters: I am glad the hon. member has cleared up that point, because most of the criticism we hear is that we are requiring people to build to too high a standard rather than too low a standard. Regarding inspections under the joint loan technique it is for the lending institution to satisfy itself that the mortgage value is there in respect of the money it is lending.

Mr. Johnston: Where does Central Mortgage and Housing Corporation come in? I quite understand that it is for the lending institution to satisfy itself that the value is there, but where does the Central Mortgage and Housing Corporation inspection come in?

Mr. Winters: Under the joint loan technique, inspections are made by the lending institution. Central Mortgage, of course, are concerned to the extent that they put up 25 per cent of the mortgage money. They inspect in order to see that their participation in that mortgage money is protected, but it is not their responsibility to make an architectural or construction inspection. Under that arrangement, such is the responsibility of the owner of the house.

Mr. Johnston: I do not like to keep interrupting the minister all the time, but I should like to get this point cleared up. Whose responsibility is it, then, to see that the houses are build according to the plans and specifications set out under the N.H.A.?

Mr. Winters: It is the responsibility of the home owner to ensure that he is getting what he has bought from the builder. We have discussed this point on many occasions in this house.

Mr. Johnston: The owner has no say.

Mr. Winters: Mr. Chairman, the hon. member then dealt with aid to municipalities. I do agree with him that this is a very important matter if we are to have a large program of house building in this country. It was for that reason that we put section 35 on the statute books. We did that only after talking to all provincial governments. The hon. member holds up Alberta as the criterion and says we should take a lesson from that province. Well, Mr. Chairman, the last thing I would want to do is be critical of any provincial government. I would say, however, that if we took a lesson from Alberta in the field of housing, I think there would be many people in Canada who would not be too happy about the housing policy.

Mr. Johnston: I did not suggest you take a lesson from my province in the matter of building houses, because that has not been their function. It has been the function of the federal government to do that. What I did point out was the experience Alberta had in regard to this revolving fund for self-liquidating projects.

Mr. Winters: Obviously the hon. member is under a considerable number of misapprehensions, and this is another one of them. I do not think we should get into a debate on the matter at this particular time. I would be glad to deal more specifically with this point on my estimates, which should be under consideration very soon.

It is not the responsibility of the federal government to build houses. Under the British North America Act housing is the responsibility of provincial governments, because it is a matter of property and civil rights. The basic policy of the federal government is to enable people to build houses by making available the proper economic climate, and by doing what it can within its own sphere of influence to make credit available.

Now, the Alberta government has a revolving fund. One of the techniques the federal government has at its disposal is co-operation with the provincial governments, and we do that under section 35. As I understand it the Alberta legislation was amended this year to discontinue having money from that revolving fund flow into municipal works through section 35. If a municipality wishes to benefit by the co-operative plan under section 35 it must now go into the open market to get its money. The Alberta revolving fund is no longer available. I do not wish to be critical of the government on that point. They probably did that because they felt it was in the best interests of the people they served. I merely cite that as a matter of fact.

The hon. member is critical of Central Mortgage and Housing Corporation. I am not denying him that right to be critical. The Central Mortgage and Housing Corporation was set up to serve the interests of the people of Canada, and to the extent it is doing that I think the people of Canada will approve. So far, it is a fact that Central Mortgage and

Housing Corporation has put some $343 million into the financial stream to assist housing in this country. I am satisfied in my own mind that this amount would not have gone into housing had there not been a Central Mortgage and Housing Corporation.

I think all hon. members know that under the joint loan technique, which is the major operation under the National Housing Act, the basic loan is 80 per cent of the agreed sales price and the amortization period can run to 30 years. The lending institutions, if they were operating alone, would make a loan of 60 per cent as the maximum; that is, there would be a down payment of 40 per cent required. The amortization period would be of the order of ten years. The interest rate instead of being 5¼ per cent as it is now, because federal money goes into that partnership arrangement on a 3¾ per cent interest rate, I am satisfied would be at least 6 per cent. The lending institutions put their money in now at 5¾ per cent on an 80 per cent basis because the pool guarantee is there for their protection. If there were no pool guarantee and each loan were made on what is called the conventional basis, I am satisfied the interest rate would be a minimum of 6 per cent as I have said.

Through the government's operations under Central Mortgage and Housing Corporation, and in addition to this vast amount of money that has flowed into housing, there has been a substantial saving to each householder in Canada or each tenant in Canada who is living in accommodation which was built under some arrangement in which Central Mortgage and Housing participated. I consider that the corporation has done a good job. It is natural I should feel that way because I am responsible to parliament for the operation of Central Mortgage and Housing Corporation. The more I see of their operations, the more I am satisfied that they are doing a good service for the people of Canada and that the taxpayers are getting their money's worth from Central Mortgage and Housing Corporation. I feel that the corporation is being administered in a manner that is eminently satisfactory to the vast majority of the taxpayers in this country.

Mr. Hees: Mr. Chairman, I do not believe that even by the widest stretch of imagination could this government really believe that it is dealing adequately with the present housing situation either by this amendment or by any measure which it has introduced during the past two years. I intend very briefly to show where I think the government has fallen down, and to show what additional steps I believe the Central Mortgage and Housing Corporation should take in order to make it possible for the construction industry to build the houses which it is capable of building, and to enable those who desperately need housing, to purchase it.

First of all, what is the situation today? We have in Canada today a shortage of half a million unbuilt and much-needed houses. This housing shortage is growing greater every day.

Mr. Winters: Would the hon. member say on what he bases that estimate?

Mr. Hees: Yes; I was hoping the minister would ask that. On page 12, clause 17 of the report of the advisory committee on reconstruction, commonly known as the Curtis report—

Mr. Croll: What year?

Mr. Hees: I was getting to the year.

Mr. Croll: I was afraid you were not.

Mr. Hees: I would not miss such an important thing. On page 12, clause 17 of the report of the advisory committee on reconstruction, known as the Curtis report, concerning housing and planning, dated March 24, 1944, we find that the total urban housing backlog in 1944 was estimated to be 320,000 houses. I might add that this was a government-sponsored survey.

According to the figures supplied by the dominion bureau of statistics, since that year we have built 663,500 new houses. Also, from the figures supplied by the dominion bureau of statistics, we have added 710,400 new families to our population. That means that our backlog of housing has increased by 46,900 during the past eight years.

Mr. Winters: Might I ask if those figures of family formations are arrived at by taking the figures for each year and totalling them?

Mr. Hees: Yes.

Mr. Winters: Do they have regard to wastage over the years?

Mr. Hees: Yes, I have here figures supplied by the dominion bureau of statistics for each of the eight years from 1944 to the end of 1952, and they list these figures as net new family formations.

Mr. Winters: For each year?

Mr. Hees: Yes.

Mr. Winters: Then you total them by years?

Mr. Hees: This is the total for the eight years. If the minister would like, I will give him the total for each year.

Mr. Winters: I am just interested in knowing how you get the figure, whether you took the figures for each year and totalled them,

or whether the bulk figure has regard to wastage through emigration and so on.

Mr. Hees: Well, the word "net" in the expression "net family formations" takes that into consideration.

Mr. Winters: For each year?

Mr. Hees: For each single year. We total the figures for the eight years and that gives us a figure of 710,400 new families which have been added to our population in the last eight years.

Mr. Sinnott: What about families which have left?

Mr. Hees: I was going on to say that our backlog of housing has increased by 46,900 during the past eight years. That figure, however, does not take into account the number of new houses needed to replace those which have become useless due to obsolescence. On page 12, clause 19 of the Curtis report, that figure is estimated to be 13,500 per year, and again this is an estimate given by a government-sponsored survey.

Therefore between 1944 and 1952 the total number of houses which should have been replaced amounted to 121,500. Adding that figure to the 320,000 backlog accumulated prior to 1944, and to the 46,900 surplus of new families over house construction between 1944 and 1952, we arrive at a total backlog of 488,400, or roughly half a million houses.

I would like to give as an example the situation in the year just passed, 1952. According to the bureau of statistics, during that year we produced 73,087 houses. Net new families formed during last year were 93,000. Therefore we have a surplus of new families formed over houses produced of 20,000. If we take the estimate of the Curtis report that the number of houses that should have been replaced due to obsolescence during the last year was 13,500, we find that during last year alone we should have produced 33,500 more houses than we did produce, if we were merely to keep pace with new family formations and replacement through obsolescence.

The next thing I would like to examine is the possibility for additional construction, and I would like to quote the opinions of several people who I think are best qualified to express opinions on this matter. First of all I would like to quote from what Mr. P. G. Wilmut, president of the Canadian Construction Association, said in his presidential address to the association in Montreal on January 19, 1953. He said that the Canadian construction industry should consider 125,000 houses a year as a normal minimum target to be aimed at. That opinion is concurred in by the Canadian house builders' association, and also by Dr. Firestone, economic adviser to Central Mortgage and Housing Corporation. He said in Toronto on February 19, 1951, that the productive capacity of the Canadian construction industry could conceivably rise to 130,000 houses per year.

Now, Mr. Chairman, from all this, two things I believe are apparent. First of all, we have a backlog of unbuilt and much needed houses numbering half a million. We also have a potential production capacity of from 125,000 to 130,000 houses per year. That opinion has been expressed by those best able to calculate the productive capacity of the Canadian construction industry. However, we find that during the past year we built only 73,000 houses, when we could have built 70 per cent more.

We naturally have to ask ourselves: Why did this take place? I believe it was caused by three things. First is the lack of serviced land. The second factor is that the down payment required by Central Mortgage and Housing Corporation is too high; and, third, the interest rate charged on Central Mortgage and Housing Corporation mortgages is too high and the amortization period over which loans must be paid off is too short.

I would first like to deal with the question of serviced land. A great many municipalities today simply cannot afford to provide the schools and the local improvements which are necessary to go with a housing development. I think it is common sense that you simply cannot build houses unless the municipality permits you to build the houses within the municipality. In connection with this difficulty I believe the Leader of the Opposition made a very excellent suggestion on November 24 last as recorded on page 33 of *Hansard*. He urged the government, and I quote his words:

> To reach agreement with the provincial governments in regard to a clearly defined re-allocation of taxing powers, so that the provincial governments and municipal councils may have adequate financial resources to carry out their rapidly increasing responsibilities.

I believe if that suggestion were followed out we would overcome the difficulties with which municipalities are faced in finding resources with which they could finance the building of schools and local improvements.

The second difficulty with which I want to deal is the 20 per cent down payment which is required on all N.H.A. houses. The cheapest house one can buy through N.H.A. costs $10,000, so the down payment which one must put up is $2,000. In order to find that $2,000 I believe one must earn a minimum salary of $5,000 a year for a minimum of four years. Even then it requires the setting aside

of 10 per cent of that income for four years in a row, which I think we all agree is no mean feat. Therefore I think it is obvious that people with incomes of less than $5,000 a year are virtually excluded from buying a new house.

I think it is interesting to see what they have done in this matter in the United States. Their national housing authority requires down payments on a sliding scale. On houses valued at $7,000 they require 5 per cent, or $350. When the value of the house reaches $10,000 the percentage of the down payment increases to 12½ per cent, or $1,250. I believe that a flat down payment of 10 per cent on all houses of $10,000 and less would work satisfactorily, and would permit people of moderate incomes to buy new houses.

I should now like to deal with the third difficulty in the way of people who need to buy a new house, namely the interest payment and the length of the amortization period. Today Central Mortgage and Housing Corporation charges 5¼ per cent on their housing loans, and it is necessary to pay off the loan over a 20-year period.

Mr. Winters: I think the hon. member knows that Central Mortgage and Housing Corporation does not charge 5¼ per cent.

Mr. Hees: No; I mean the mortgages obtained through Central Mortgage and Housing Corporation.

Mr. Winters: Through the lending institution.

Mr. Hees: Through the lending institution. This rate of interest, and the time over which it is necessary to pay off the loan, make it impossible for a person with a low income to carry the charges on a new house.

Again I should like to examine what has been done in the United States. In that country, under their national housing authority, mortgages are made available at rates as low as 4 per cent, and they can be paid off over a period of as long as 30 years. I believe this policy merits serious consideration by the government because, in the United States, it permits people with moderate incomes to carry the charges on a new house. In Canada a policy similar to that would make it possible for a man earning between $55 and $60 a week to carry the charges on a good new house.

If the government persists in following what I honestly believe is an obsolete and reactionary housing policy, I believe the situation is going to continue to grow worse every day. As I pointed out, last year the situation deteriorated by a further 33,500 house shortage. As I have also pointed out, the accumulated shortage today amounts to half a million houses. If this situation is allowed to continue to deteriorate, families with four and five children are going to be forced to continue to live in one room. I shall be pleased to take the minister, any time he comes to Toronto, to see accommodation in which families with four and five children are living in one room and paying up to $60 a month rent just because they have no other place in which to live. I do not believe these conditions are the kind in which we can permit Canadians to live.

As I say, it would be one thing if the situation were just a temporary one, but it is not that at all. The situation is getting worse every single day, and the government is showing no inclination to right the situation and to permit the building industry to build the houses which it is capable of building.

I believe the government must immediately reconsider its housing policy in view of three things: First, the chronic housing shortage which is increasing every day; second, the proved ability of the Canadian construction industry to build almost double the number of houses it is building today, if given the opportunity to do so; and third, the success which has been achieved in the United States through practical housing policies which have made housing available to families which need it most.

Mr. Adamson: I should like to say a few words on this matter, Mr. Chairman, whether I say them now or on second reading of the bill. They are of a general nature, and as the debate has been fairly general I think possibly we would be saving time if I continued at this stage.

Last year when speaking on the question of housing I made four recommendations to the government which were as follows: first, that all municipal taxation be allowed as a deduction from income for taxation purposes; second, that personal expenditures on the education of one's own family be allowed as a deduction irrespective of age; third, that mortgage interest payments on the dwelling lived in by the taxpayer be allowed as a similar deduction; and fourth, the calling of a conference of all provincial ministers of education and housing with the federal government to discuss the whole question of housing.

Since that time I have tried to find out what these suggestions would mean and whether there was any support whatever for them. I took the trouble to go into my own riding and make a survey; it was a

small survey, nevertheless it was a survey. It covered some 70 householders who were in the new section of the riding. I wanted to find out what these would mean to the individuals in a new housing development. I came up with these average figures. I might explain to the committee that this is merely a small sampling, but it is a sampling of a new development, one which has been built since the war and which contains a large percentage of veterans and a large percentage of young families.

The figures I have are as follows. The average cost of the house was $13,000. If both mortgage payments and municipal taxation had been allowed as a deduction from income, the average deduction would be of the nature of $190. I am not giving the figures to the closest dollar or the closest cent but to the nearest $10. In this group the average income tax paid was $525. If the mortgage payment were not allowed and if only the municipal taxation were allowed, the saving of the average home owner in this group would be $47.50 a year.

I mention these figures, Mr. Chairman, because I think they are indicative of what can be expected if a proposal such as this is carried out. It would mean a saving of 19 per cent in the average income tax. I asked whether there was any support for my proposal either from the building side of housing or from the lending side, and I must say that I have received quite a bit of support—not all of it directly, though some of it was actually directly—from the lending side of the picture, that is to say, from organizations whose duty it is to lend money particularly for housing purposes. In this connection I should like to quote one paragraph from the annual statement of the Chartered Trust Company, which contains the text of an address by Rolph R. Corson, who is the president of the corporation which is certainly concerned with the lending of money, particularly on mortgages. He said this at the annual meeting of the company, and I think it is interesting enough to quote the two short paragraphs to the committee. It is headed: "Inequity in income tax." It reads as follows:

> All the trust companies are in the mortgage business and before I close there is one inequity in present income tax rulings that, if continued, may have an unfavourable bearing on our national economy. The trust companies have reason to remember the effect of mortgage moratoriums in the 1930's and the necessity for the removal of the contributing causes. To deal with the shortage of houses the National Housing Act was enacted. It allows people of limited means to purchase needed homes with a small down payment and give back a much larger mortgage than is considered safe by the government for a trustee investment. Today's price for houses is two or three times greater than a few years ago, and the mortgage load much heavier. For thousands of young people starting their family life, a roof overhead, no matter what its cost, is a "must". Ownership of property carries a municipal tax obligation, which is also heavier than formerly, and today's higher interest rate on a larger mortgage adds to an already heavy load.
>
> Under present conditions this act was a move in the right direction, but it did not go far enough to accomplish its end. Municipal taxes and interest payments at least should have been allowed as an income tax deduction. Certainly the heavier load assumed by the home owner under this act should be carefully considered and lightened as much as possible. In the United States, where they also have a housing problem, they have met it more realistically as both municipal taxes and mortgage interest are allowed.

So much for the lending institutions. I come now to two resolutions passed by the Canadian association of real estate boards at their convention last fall in Toronto. The minister has probably seen this, but I will just quote the resolutions and the four-line preamble to the first one which is this:

> Whereas this increase in municipal property taxation is due to the rapidly accelerating cost of education, social welfare and other items, which are not services rendered to property, and should rightfully be borne by the population as a whole, therefore
>
> Be it resolved that the government of Canada be urged in the strongest possible terms to permit, in the national interest, the deduction of municipal property taxes from the taxable personal income of owners of single family dwellings, as a means of making home ownership economically possible for even the lowest income group.

These are two authorities which I submit have considerable experience and knowledge of the problem of housing and the provision of houses for rapidly growing communities.

With respect to this question of mortgage money, a pernicious system has grown up in districts where conditions are not completely in conformity with the national housing regulations. I may say that these regulations are pretty rigid. There are many cases where young families are building their own houses, doing a great deal of the work on them themselves, but which do not rigidly and completely conform to the regulations. It may be that they are outside the area where the lending organizations will lend money, or for some other technical reason; nevertheless they find themselves outside the regulations, and they are forced to go not to the larger lending institutions but to other sources of capital.

It has been found that a system of what you might call bonus or premium mortgages has cropped up. The system works roughly this way. A home owner wishing $6,000 goes to a source of capital and that source of capital says: "Very well, I will lend you the money at 5½ or 6 per cent interest. But instead of

signing a mortgage for $6,000 you will sign a mortgage for $7,500, and there will be $1,500 capital bonus to me for accommodating you with these funds." In other words there is water in the mortgage to the extent of 15 per cent, 20 per cent and sometimes even more. Quite a lot of people have come to me with that problem. I think it is pernicious, and everything should be done to stop it.

The question of serviced land is also an important one. It arises in rapidly-growing municipalities around Toronto and in many other metropolitan areas as well. A municipality finds itself virtually unable to provide serviced land, to instal the physical services such as water mains, storm sewers, sanitary sewers, street lights, pavements, sidewalks, police and fire services and all the other amenities. They cost at the very minimum about $5,000 an acre. Assume that you can build between four and five houses on an acre. It means that you have a capital cost, before you turn a sod to build your house, of around $1,000 and possibly more.

On top of that cost there is the capital cost of schools. Today, depending of course on the new family formation density and many other things, I would certainly hazard as a reasonable guess that the cost of schools and the cost of servicing land therefor would add another $1,000 per acre. That is merely the provision of the physical plant. It does not take into account any question of amortization. The amortization of the school board debentures and the cost of the upkeep of the school merely adds to the interest charges of operation. Therefore, before the first sod is turned for a new house, if there is a density of four and a half or five to the acre—and that is reasonable—there is a capital cost of approximately $2,000 per house.

Some way must be found of meeting that capital cost. At the present time, with the lending powers of municipalities considerably stretched, particularly those municipalities with a high percentage of housing and a low percentage of industry, as is found in many metropolitan areas, the borrowing power or the credit of municipalities is taxed to the point where they have to pay 5, 5¼ and sometimes 5½ or even 6 per cent for their money.

This, of course, is a direct charge on the home owner, and a direct charge on the head of the family. What can be done about it? In the United States the banking system is entirely different from ours. They have commercial banks; and then, in a separate category, they have savings banks. These savings banks are rapidly growing institutions, operating under the safeguards of the bank insurance protection enacted by the federal authorities after the bank holiday in 1933. I would judge them to be wholly solvent and sound institutions.

Through the provisions under which they operate, these savings banks are in the mortgage business and are permitted to lend money. Our chartered banks in Canada are not permitted to do that; and I would not for one moment suggest that they should go into the mortgage business. But how are we going to get that money into the hands of the municipalities so that schools and serviced lands can be provided?

I am going to make a suggestion, and I make it on my own behalf. In doing so I am not speaking for anyone other than myself. My suggestion is that some consideration should be given to allowing municipalities, under strict regulation, to issue tax-free bonds. I know this suggestion flies against a great deal of conservative thought—and I use the word with a small "c". No doubt there are many objections to this procedure, but we must keep in mind that we are not dealing with a situation as it prevailed before the war. Rather we are dealing with an entirely new situation, a condition under which large amounts of surplus funds, either of corporations or of individuals, are siphoned off by corporation and individual income taxes. So the formation of capital today is not, on a percentage basis, anywhere near as great as it was before the war. So much for that subject.

The municipality today is the creature of the province. I should think that it must continue to be the creature of the province, as well as its responsibility. But because of the high incidence of taxation, because of the high-geared income and corporation tax we are finding that the municipality is being driven into a more and more difficult position. This very condition introduced in the budget this year, under which we have a 20 per cent tax credit from the income from common and preferred stocks—which are called equities—is going to mean that the average private investor will find himself less and less likely to invest in corporation bonds. And in order to equal the attractiveness or the yield of the common stock, to an investor who is in the income tax bracket anywhere above 15 per cent—and today that is a comparatively low bracket—any investor is going to have to get at least 1½ per cent or probably 2 per cent more on a bond than he would get on a common stock, in order to make the yield equal irrespective of the growth possibilities of the common and sometimes even the preferred stock.

The effect of that will be felt, and I feel that the effect on the borrowing power of the municipality is going to be very serious. I would think that, in order to sell them, the yield on municipal securities must be increased. Having said that and, as I have intimated, having spoken for myself alone, I feel a conference should be called between ministers of education and ministers of finance of the different provinces, to see if something cannot be worked out. The old shibboleths as to what cannot be done should be forgotten or at least, for the moment, put to one side.

We have here a problem that is not being solved by our present methods. The machinery is inadequate. Insecurity, particularly if there is any slight recession in earnings or even moderate unemployment, will grow at a very rapid rate. As has been said, aside from national defence there is nothing as important today as providing for the security of tenure, the security of a man's hearth and home. Next to his life, and the security of his country, these are the most important things he has.

I believe we should look at these matters in a new light so as to try to find ways and means whereby the load will be taken off municipalities through the liberalization of terms of borrowing. But not by increasing the scope of the municipal taxing power. As the load is taken off municipalities it is immediately taken off the home owner who has to pay for the servicing of the debt.

Mr. Pearkes: Because of attendance at another committee I was not able to follow the deliberations here this afternoon, and there is one question I should like to ask. It arises out of representations which have been made to me from the city of Victoria where there is a considerable housing problem. The brokers inform me that they are in desperate need of better access to funds provided under the National Housing Act. If they were given a more adequate supply of funds, even under the existing conditions the housing problem could be greatly improved. Are steps being taken to provide better access to funds available to the mortgage brokers?

Mr. Winters: The short answer to that is "yes." There has been difficulty this year with mortgage money, but to some extent the problem is solving itself. Housing starts this year are certainly far greater than they were last year at this time. There will be a provision in the bill which I propose to introduce immediately this resolution is disposed of which should help to cure that very situation.

Mr. Fleming: Has the minister any information to impart to the house concerning any other matters in relation to housing policy that the government is contemplating?

Mr. Winters: I propose making a somewhat more detailed speech on second reading, at which time I will inform hon. members of some of the progress that has been made under the various sections of the housing act. I would anticipate that we will have a broader debate at that time.

Mr. Fleming: I take it from what the minister has just said that the statement he contemplates making will be of a factual nature. My question related to any announcement in relation to policy. I understand that up to a point policy is involved in these amendments to the act, but is there any other change of policy or any new policy in relation to housing that the government has in contemplation?

Mr. Winters: I would not want to be in the position of anticipating what is in the bill. I think that the question might more properly be asked after the hon. member has seen the bill.

Mr. Fleming: Has the minister anything to say in connection with the Merivale road housing project in Ottawa which I mentioned earlier today?

Mr. Winters: I have not had an opportunity of seeing the correspondence to which the hon. member for Eglinton referred. Unfortunately he sent it to the *Hansard* office immediately he had used it and although he attempted to do so, he was not able to reobtain it for me. I understand that the pattern is one in which under agreement with the municipality Central Mortgage and Housing Corporation pays a certain fixed amount in lieu of taxes. There are instances where a municipality will come to Central Mortgage and say that they want more money in lieu of taxes, something more closely approximating what they would get if the houses were not crown-owned. In such case, under agreement with the municipality we pass on to the municipality the increase in rent by way of grants in lieu of taxes. The increase does not accrue to the federal government.

I should like to study the letter to which my hon. friend took objection. So far I have not had an opportunity to see it. I agree that no letter should be offensive if it can be avoided. It is certainly not our intention to put in the form of a letter or in verbal form anything which will unduly disturb the tenants.

Mr. Fleming: I shall see that the minister receives a copy. I had just the one copy and it went to the *Hansard* reporter after I had finished using it. In this particular

case the rents have been raised twice. They were raised in 1951 and are now in process of being raised again. In some cases the increases in a period of two years amount to as much as 50 per cent, and I think the minister will agree that that is very severe.

I shall see that a copy of the notice received by the tenants is given to the minister and I hope he will look into it personally. These tenants have not been given enough time. The notice was received on the last day of March to vacate at the end of April or sign new leases at substantially increased rent. They have had no opportunity to negotiate or treat with the officials of Central Mortgage and Housing Corporation.

Mr. Knowles: May I ask just one question, and if the minister has not the answer ready perhaps he can come prepared at a later stage. In view of his surprise the other day when I asked a question about the strike of lending institutions in Winnipeg against lending money for small homes, would he tell the house at some early date how many loans for small homes have been made in Winnipeg under the National Housing Act during the last six months, that is for four-room and five-room bungalows?

Mr. Winters: I shall get that specific information. In the meantime I may say that on March 31, 1952, there were 699 houses under construction in Winnipeg, whereas on March 31, 1953, there were 1,247, or almost twice as many houses under construction in that city as a year ago.

Mr. Knowles: The minister will note that my question the other day and my questions now relate to small homes.

Mr. Winters: I understand that.

Resolution reported, read the second time and concurred in.

Mr. Winters thereupon moved for leave to introduce Bill No. 339, to amend the National Housing Act, 1944.

Motion agreed to and bill read the first time.

Mr. Speaker: It being five o'clock, the house will now consider private and public bills.

CANADA GRAIN ACT

AMENDMENT TO PROVIDE FOR FAIR ALLOCATION OF BOX CARS

Mr. H. R. Argue (Assiniboia) moved the second reading of Bill No. 186, to amend the Canada Grain Act (distribution of box cars).

He said: Mr. Speaker, the purpose of this bill is to provide a fair method by which box cars may be allocated among elevator companies at marketing points in western Canada. The purpose of this bill is to meet a situation which has grown up in which there is no effective competition in the buying of grain from prairie producers. The bill itself is very simple. The first clause reads as follows:

> Any producer, as defined in section 12 of the Canadian Wheat Board Act, 1935, may, before the first day of October in any year, enter in the car order book his acreage seeded to grain as shown in his permit book pursuant to sections 15 and 16 of the said act, and may assign that acreage among the elevator companies at his marketing point.

This would allow the farmer to take his permit book to the railway agent and, in a new section of the car order book provided for this purpose, state his seeded acreage and declare the elevator company through which he wishes to market his grain.

The second paragraph of the bill provides that the amendment would be operative only if the car order book was not being used. The car order book is part of the Canada Grain Act. The Canada Grain Act includes a provision for the car order book, which provision was obtained by western producers after many years of struggle with various federal governments. The producers feel that the Canada Grain Act is their charter. I for one would not feel capable of altering the act from its original purposes. However, I do believe that the provision I have suggested would provide a satisfactory method by which farmers by their own choice may provide a means of allocating box cars amongst the elevator companies. I believe this amendment would improve the act considerably.

As I say, under the present situation there is no effective competition in the buying of grain. Before we had this large surplus in western Canada, and when elevator companies had excess space available in each crop year, a farmer could go into one elevator and if he believed his grain were No. 2 but the agent would pay him only for No. 3 he could go out of that elevator and to the next elevator company to see if that agent might give him a better grade. Under the situation now prevailing often all the elevator companies at any given point are plugged. Possibly one elevator might get a couple of box cars, and the agent will announce that he is prepared to buy 4,000 bushels of wheat the following day. The farmers, whether or not they prefer to take their grain to another elevator company, are almost certain to haul their grain to that elevator because they are in need of funds to carry on their farming operations and pay their living costs.

As I say, for a number of years the situation has been entirely different from normal. One might argue that we should not amend the Canada Grain Act because the present surplus of wheat in this country is going to be taken care of in a year or so. Then we would not need this type of amendment. I say that if any member of this house makes a study of the wheat supplies on hand in the various exporting countries of the world today he cannot help but come to the conclusion that we are faced with a world glut of wheat. When I looked over the statistics I was amazed at the huge quantities of wheat on hand in the various exporting countries.

According to the latest publication of the dominion bureau of statistics, "The Wheat Review" for March, on March 1 of this year the four major exporting countries of the world had on hand for export and carryover—that is the quantity of wheat in addition to that needed for domestic consumption, feed for livestock and seed supplies—the huge total of 1,468 million bushels. From that date until the end of the crop year, under the present international wheat agreement there is an unfilled quota of some 135 million bushels. In other words, after taking into account the quantity of wheat that is to be delivered under the present international wheat agreement, and taking into account the probable total that may be sold as class II wheat, the four major exporting countries of the world will have something like 1,200 million bushels of wheat on hand for export on July 31 of this year.

It was for this reason that I, for one, hoped that the international wheat agreement would be signed by all the countries and would become effective. Even if the wheat agreement is signed by all countries there will be on hand on July 31 of this year sufficient wheat for the exporting countries to cover more than two full years of the allocations under that agreement. If these exporting countries produce little or no wheat in the next two years for export purposes, there is still sufficient wheat available in those countries to cover two full years of operation under the international wheat agreement. I suggest, therefore, that the present surplus wheat condition in Canada, the plugged elevators, the wheat available on farms which the farmers are unable to market, is a condition that is likely to continue for a number of years ahead. If Canada and the other exporting countries get even a normal crop this year, with the surplus situation as it is, I think it is essential that something be done to improve the allocation and distribution of box cars.

As a matter of fact if Canada this year sells as much wheat as she sold in the export markets in the record year, Canada will wind up with a carryover of some 330 million bushels, which will be the largest peacetime carryover in the history of the country. Canada and the world are, therefore, faced with a large glut of wheat. This situation of filled elevators, a shortage of transportation facilities and farmers ready to market grain without the facilities being available, is likely to continue for some time to come. In such a situation I feel that something more should be done to provide a better distribution of box cars than anything that has been tried to date.

We have a transport controller. As I understand his position and the work he does, he does not allocate box cars among the elevator companies at individual marketing points. What happens is that the local elevator agents daily send to the wheat board a record of the purchases they have made and the shipments from the elevator, if any, as well as the amount of storage space available. The wheat board then sends this information to the transport controller, together with the quotas that prevail at the various marketing points. On the basis of this information the transport controller then says to the railway companies that there is a certain area in western Canada that needs box cars. Box cars are then sent, shall we say, to 100 marketing points; but after that the distribution of box cars as between the elevator companies is entirely the responsibility of the railway companies themselves.

As so often happens you may have one elevator company, possibly a pool elevator company, to which 50 per cent of the farmers at that point wish to deliver their grain. You may have three other elevator companies that normally would allocate amongst themselves 50 per cent of the business; but when the railway companies send four box cars to that marketing point they do not give the popular elevator half of the box cars because half of the farmers want to deliver grain to the pool elevator. They say: Well, let us do it on a rough rule of thumb basis; we will give each elevator company one box car. That immediately forces half of the pool customers to the other elevator companies. It is perfectly true that at certain points farmers will prefer to take their grain to the line elevator companies, and the same thing operates in reverse.

The bill I am proposing would allow the farmers early in the crop year, before October 1, to post their acreage in the car order book with the railway agent. Following that the railway agent at that marketing point would have to apportion the box cars among the elevator companies in the same way that farmers apportion their acreages among the elevator companies, as indicated by the entries

in the car order book. If half the farmers with half of the seeded acreage desire to take their own grain to a certain elevator company then that elevator company, by this provision, must receive half of all box cars spotted at that marketing point.

I think anyone who believes in competition, who believes in freedom of choice, should support this bill; because in the marketing of grain now we have regimentation of the worst kind. The farmer must of financial necessity market his grain at whatever elevator may have been fortunate enough to get some box cars the night before and has a little elevator space available. This bill would allow the farmers themselves to indicate where they wish to market their grain, and as a result of that indication box cars would be allotted on that basis.

Somebody might say well, you can use the car order book system. However, I believe the Minister of Trade and Commerce (Mr. Howe) will agree with me when I say that the car order book was not brought into effect to allocate and distribute box cars among elevator companies. The purpose of the car order book provision initially was to allow the farmer to order a car, in order to deliver over the platform a carload of a certain kind of grain that he might have, and get away from the necessity of selling it through local elevator facilities.

The car order book now is being used for a purpose for which it was not intended. I do not in any way blame the farmers for using the car order book as it is now being used. Certainly it is better than leaving the distribution of box cars to the railway agents or the railway companies at a great many points.

Wherever the pool elevator company, for example, feels that it has not been getting its fair share of box cars it will ask its farmers to go to the railway station and order cars through the car order book. Immediately, then, the car order book system comes into effect. It is easy for a large farmer who has a quota of 2,000 bushels of grain to deliver to order a box car, but for the smaller farmer who has a quota of 300, 400 or 500 bushels of grain to deliver the car order book is a very cumbersome procedure indeed. Many small farmers feel that the car order book has not been established for their use and they do not attempt to use it. In other instances they try to band together with a number of other small farmers and order a car amongst four, five or six farmers.

As I say, the car order book system when used as a method of distribution of box cars amongst elevator companies is very cumbersome. In addition it led to a lot of friction at many elevator points when first put into effect. Sometimes you find a rush of large farmers, who want to sell their grain to a certain company, going into the same station on the same day at the same time and ordering perhaps 20 cars on the car order book. Then that elevator company will get the first 20 box cars and the other elevator companies will get none. The ordinary patrons of the other elevator companies will be pretty sore at their neighbours who filled the car order book for cars for that particular company.

The car order book provision is good and it has worked well when used for its original purpose; but it was never intended to be used as a method of allocating box cars among railway companies. Railway companies and farmers who use the car order book system as a method of allocating cars do so only in desperation when they have felt that grave injustice was being done in the distribution of cars by the railway companies at an elevator point.

There is another reason why I feel this bill should be accepted by the house. If I read the judgment aright, some of the protection that prevailed under the Canada Grain Act for a great many years has been removed by the recent decision of the board of transport commissioners in the Kreutzweiser case. As I read section 112 of the act, and as I know it has been used in years gone by, a farmer had the right to drive into an elevator company with his wheat and, if there was any dispute about the grade of his grain, he had the right to ask that the elevator company purchase that load of grain subject to grade in dockage. Samples of the grain were put in a tin receptacle provided for the purpose and sent to the chief inspector of grain at Winnipeg, and the sample came back with an official grade, and the farmer was entitled to the price for that official grade.

The judgment of the board of transport commissioners reads in part as follows:

> The provisions of section 112 requiring a sample to be taken and placed in the receptacle only apply, in the opinion of this board, if an agreement had been arrived at between the operator or manager and the person offering the grain for sale that the grain be purchased.

In other words, this interpretation gives the right to the elevator agent to say to the farmer: "I refuse to purchase your grain". Under that ruling I have mentioned, unless the two parties agree that the grain is to be purchased the farmer has no alternative but to accept the price offered or take his grain home. In other words by one stroke of the pen the protection that has been in

the Canada Grain Act for years has been removed by this judgment of the board of transport commissioners. I think it is a judgment that is wrong in every way. I do not think it is based on the facts of the case, and I do not believe such a board should attempt to vary the clear provisions of the Canada Grain Act.

With the right which the farmer has had for many years gone it seems to me that my argument is strengthened in advocating the adoption of such a measure as Bill No. 186, which would set up a fair method for distribution of box cars amongst elevator companies. I believe the arrangement is workable. If the farmers indicate that 60 per cent of the box cars should go to a certain company because 60 per cent of the farmers with 60 per cent of the acreage want to deliver their grain to that company, then I think the railway agent should see to it that 60 per cent of the box cars are spotted at that particular elevator. I do not see anything standing in the way of such a provision in the act working smoothly indeed.

In any discussions I have had with people who are conversant with the Canada Grain Act, and the marketing of grain in western Canada, only one other idea has been advanced as perhaps equal to the idea contained in this bill. That was the idea that the elevator agents should each day report to the railway company their purchases of grain, and that the future spotting of box cars should be based on the daily purchases of grain by the various elevator agents. There is only one thing wrong with that idea, and that is that if you start in the fall with two elevators each of which is empty, you will have one of the elevator companies—the one to which most farmers wish to deliver—fill up quite rapidly; then of course the box cars will come in first of all to that company which has been buying grain. But before the elevator company that had its house filled first gets any box cars at all, the second elevator house will be filled. Hence you would have each of them entitled to the same number of box cars even though farmers preferred one elevator company to the other.

As I have said, I think another advantage provided by this bill is the fact that it will restore competition in the buying of grain. Right now there is little effective competition in the purchasing of grain. It used to be that there was real competition in grain buying, a fact which affected grades and consequently prices. But when a farmer comes to town now and finds all the elevators filled but one, the chances are that he will take his grain to that elevator company and will be obliged to accept whatever grade may be offered for that grain.

Another reason I recommend the bill to the house is that I feel it is a satisfactory alternative to the car order book, and that as long as the car order book is not in effect the provisions of this bill would provide for the allocation of box cars on a basis that would result in a great deal less friction among the farmers and among the elevator companies concerned.

Mr. Victor Quelch (Acadia): Mr. Speaker, this is a simple, straightforward bill and I think the hon. member for Assiniboia (Mr. Argue) has made a good case in support of it. I am therefore going to say what I have to say in a very few words.

First of all I may say that we in the Social Credit group intend to support it because we favour the general principle that I think is embodied in the bill, namely that a farmer should have the right to deliver his grain to an elevator of his own choice. I realize that many people will say that a farmer already has that right. While it is true that in theory he does have that right, in actual practice it unfortunately does not work out that way.

At many points we find that the majority of farmers desire to deliver their grain to one specific elevator, maybe because it represents a certain company or maybe because the elevator agent at that elevator has given exceptionally good service. Hence when the crops are harvested we find that the majority of grain starts to come in to that elevator, with the result that it becomes plugged early in the season. Then the farmers are left with the option of either holding their grain or hauling it to other elevator companies.

Then we find that in years of congestion, when the elevators become plugged, it has often been the practice in the past to allocate box cars on the basis of the storage capacity of the various elevators, regardless of the fact that the only reason some of the elevators are full is that the farmers could not haul their wheat anywhere else if they wanted to get it in. We feel that the box cars should be allocated in proportion to the amount of wheat the farmers desire to deliver to any one elevator. In other words, if the farmers desire to deliver 70 per cent of their grain to any one elevator, that elevator should be receiving 70 per cent of the box cars.

I notice that a proposal similar to this was supported by the convention of the Alberta wheat pool delegates. We believe that it will provide for a fairer distribution of the box cars and will help to provide for the practical application of the principle that a

farmer should have the right to deliver his grain to an elevator of his own choice. We therefore propose to support the bill.

Mr. William Bryce (Selkirk): Mr. Speaker, I rise to support this bill. From time to time I have had many letters from farmers complaining about having to take their grain to an elevator which they did not wish to patronize. The explanatory note opposite page 1 of the bill reads:

> The purpose of this act is to provide in a new section of the car order book a rule for the fair allocation of box cars among elevator companies at a marketing point where the car order book, as presently constituted, is not in effect. By allocating their seeded acreage among the elevator companies at a marketing point, producers themselves will determine the distribution of box cars at that point.

I think if the farmers indicate where they are going to sell their grain and so notify the elevator companies, then the box cars can be allocated on an acreage basis, and you will not have a farmer going around looking for somewhere else to sell his grain at the same point. That is, when there are six elevators and one of the elevators is doing 50 per cent of the business, it should have more cars than the other ones. As it is today, where there are six elevators and six cars come along, they get one apiece. The upshot is that the farmer who patronizes the elevator that is getting 50 per cent of the grain is obliged to go and sell his grain elsewhere.

The hon. member for Assiniboia (Mr. Argue) explained the matter well. I do not need to go into it again and repeat what he has already said. I think this is the solution to the problem which the farmer has today with a glutted market, and I support the bill.

Mr. A. J. Bater (The Battlefords): Mr. Speaker, I intend to take only a moment or two in connection with this proposed legislation. I think the first thing I would say is that I would consider the last two or three years as rather abnormal years in so far as crops in western Canada are concerned.

I think I am correct in saying that at the annual meeting of the Saskatchewan wheat pool delegates last November or December a proposal similar to this was brought forward, and I think I am correct in saying that it was voted down. The reason for that, if I might suggest it, was that it would rob the grower of his rights under other sections of the act.

The present act gives the grower the right to order a car for the shipment of his grain and to direct where such car should be spotted, elevator or platform. I doubt whether any farmer would wish to give up this right. While this bill proposes to provide a new section in the act, care should be taken that the actual result is not to abrogate the right now given to growers. One of the greatest rights the farmer now has is the right to bargain under section 111 of the act for the grade of his grain and for other conditions under which he might deliver it. It would appear that this right to bargain and to change his mind about where he delivers his grain would be effectively lost if this bill were accepted.

I think this bill should have extremely careful consideration. Possibly at the next session consideration should be given to a bill of this kind at the meetings of the standing committee on agriculture.

Mr. P. E. Wright (Melfort): Mr. Speaker, if the committee on agriculture is not called any more regularly in future than it has been called recently, I am afraid we would be a long time in getting any necessary amendments to the Canada Grain Act. I had not intended to speak because I believed the hon. member for Assiniboia (Mr. Argue) had covered the matter fully, and I agreed with his argument. But the hon. member for The Battlefords (Mr. Bater), in the speech which he made, indicated that if this amendment were passed it would abrogate the right of the growers at the present time with regard to the car order book. That is not correct, and I wish to correct him. Section 72B of part I of the bill deals with that and states quite definitely:

> If, at any time, no unfilled application for a car appears in the car order book at a marketing point, the railway agent shall then apportion railway cars among the elevator companies in the proportion that the acreage has been divided among the elevator companies.

In other words, if the growers at a point which has a car order book wish to continue that method they can do so. If they fail to use the car order book, then this other method, as indicated in Bill No. 186, will go into effect.

The car order book was put into effect originally to give the farmer a chance to get a car, as opposed to the elevator companies. It was put in there a great many years ago. It was put in the act before we had the pools in operation and before we had the farm grain companies in operation. It was put into effect before we had the quota system of deliveries, and it served a real purpose; but that purpose has been more or less superseded by the new conditions that have arisen in the last few years with regard to quota deliveries, and the fact that in western Canada today we have in operation certain grain companies which belong to the farmers, co-operatives and so on.

It is the desire of the farmers, instead of using the loading platforms, to use their own companies. Yet at the present time they are not able to do that. This bill would just give them back the right they had under the car order book, when it was first placed in the Canada Grain Act. It is a good bill, and it should be passed.

Right Hon. C. D. Howe (Minister of Trade and Commerce): I would first like to correct the grain statistics put on the record by the proposer of this bill. If his statistics are correct I do not see how anyone would have the conscience to demand a maximum price of $2.05 per bushel for wheat. He says that there are two and one half years' supply of wheat stored today in the world. That is perfect nonsense, of course.

Mr. Argue: See your own publications.

Mr. Howe: He also says the Canadian carryover next year will be 350 million bushels of wheat. That again is nonsense. The fact of the matter is that North America had very big crops last year. We are moving ours as fast as we can get transportation. We have already sold from this crop more than our usual export from a normal crop of wheat. If we could move our wheat faster we would sell more. The difficulty is in transportation rather than in sales. But it is my opinion, and I think the opinion of responsible men around the world, that the reserve stocks of wheat are not more than reasonable protection against the vagaries of nature.

It must be remembered that this continent has had seven or eight years of abnormally large crops. The law of averages works over a period, and we are due at any time for a short crop. I may say that moisture conditions over the prairies this year are not too promising. To tell the world that this great surplus exists is an invitation to sell the market down. I do not know whether my hon. friend intended it that way, but I think any grain man, if he believed my hon. friend's statistics, would not be buying wheat at $2.05, or anywhere near that price.

Mr. Argue: That is your interpretation.

Mr. Howe: You gave us your own interpretation of the statistics. I think the grain men would analyse the position a little more closely.

However, we are discussing the provisions of this bill. It is quite correct to say that the car order book was designed for a different purpose from the one it serves today. It was introduced at a time when there was an open market, when the elevators were privately-owned, when many farmers felt they would prefer to load over a loading platform rather than patronize one of the privately-owned elevators. It was believed by the farmers that grain that had been bought by the private elevator companies was sent forward in preference to farmer-owned grain, in order to take advantage of premium markets.

The car order book was introduced so that everyone would have an equal chance in the distribution of box cars. I may say that it corrected a situation that badly needed to be corrected at that time, and it served a very useful purpose. Today the car order book is not used in many sections of Canada. It is used in others and still performs a useful service; nevertheless the purpose of using it today is to favour certain elevator companies rather than to avoid discrimination between individuals.

It is felt that if a long list of priorities could be established for any one elevator, that elevator will have preference over neighbouring elevators in the distribution of box cars, and that is so. The suggestion has been made that with five elevators at a point and cars being put into that point, each elevator gets one car, but that only the elevator that has the greatest list of requisitions gets the preference in the cars. As a matter of fact, and generally speaking the usual preference is that a pool elevator will get two cars to one car for any privately-owned elevator. I think that is the usual average. I was told that that is about the usual average when a string of box cars are being spotted at any particular elevator point.

However, it is now proposed that the distribution of box cars will be made absolutely rigid by law. It is assumed that those who wish to register their seeded acreage will do so. If all the seeded acreage were registered from one elevator, that one elevator would do all the business and the others would do no business at all. That assumes, of course, that we have far too many country elevators on the prairies; that there are five elevators at a given point but four of them are useless. One elevator can do all the work if the farmers wish to patronize that one elevator. That of course is an absurd premise. I do not think we have too many country elevators. I do think that all of them are needed.

The fact of registering seeded acreage at a point freezes the farmer to the elevator with which he has registered his seeded acreage. If he puts his grain into an elevator other than the one in which he has registered his seeded acreage, obviously he can get no box cars for his grain because he has

specified in advance that the box cars must be spotted at the elevator where his seeded acreage is registered. It takes away his flexibility of delivery and in that way attempts to make a rigid distribution of box cars, which may very well not suit the conditions of the crop movement.

To use the seeded acreage as a basis is by no means reasonable in every season. It is true that the wheat board uses the seeded acreage as a basis for quota purposes. That basis may be changed. If it were changed this whole bill would become null and void. It is tied absolutely to the theory that the seeded acreage will continue to be the basis for quotas used by the wheat board. Seeded acreage is no legal basis for anything. It is simply a device used by the wheat board to establish quotas reasonably fairly over western Canada.

I cannot see that this bill would assist the situation in any way. We have appointed a transport controller to operate our transportation system in times of congestion, his purpose being to make sure that the distribution of box cars is as fair as he can make it. I think that by using his own judgment the transport controller has created a flexible system which has served the farmers well. Many farmers will testify that if they write the transport controller and say that a particular area of which they have knowledge is congested, he will immediately ask the railways to relieve that particular area.

I am firmly of the opinion that any rigidity such as is imposed by this bill, which makes it mandatory on the railways to follow the principles laid down in the bill, regardless of any local situation, would not be satisfactory. There might be grain spoiling at one point, or in one elevator, and the law would say, "You cannot give box cars to that elevator, because under the law as laid down by this bill you must give it to the elevator for which the seeded acreage would make it mandatory."

I am always willing to support legislation which I think will improve the situation in western Canada, either improve the distribution of box cars, or improve any other condition that has to do with the movement of grain to the terminals. As the minister who is responsible for the marketing of grain it is in the interests of the job I am attempting to do to see that we move grain to the terminals in the most efficient manner.

I am not going back on the purpose of the car order book. The purpose of the car order book has always been to assist individuals. This bill makes it a device to assist elevator companies in a way which was never intended, and for which it has never operated. Whether it is wise in the interests of supporting one elevator company as against another elevator company to put that rigidity in the law, my hon. friend may have his own opinions. But I am firmly of the opinion that that is not a wise extension of the car order book privilege. Therefore, Mr. Speaker, I move in amendment:

That the word "now" be left out, and the words "this day six months hence" be added to the end of the question.

Mr. Argue: Mr. Speaker, both the hon. member for The Battlefords (Mr. Bater) and the minister have raised a lot of straw men, and then have attempted to knock them down. The minister has said that this would provide a great amount of rigidity in the Canada Grain Act, in the method of allocating box cars. Is there anything more rigid than the present car order book, when the next car coming to a given marketing point on a certain day must be spotted at a certain elevator for shipment of wheat from a certain individual farmer? The present car order book is the most rigid system one could possibly imagine.

I am not complaining about its rigidity. I think that even with the rigidity attached to the car order book it has an important place to fill in the marketing of our grain. The formula I am asking to have applied would apply not all the time but only when the car order book is not being used. It would not take any right away from any producer. But when the car order book is not being used, then this particular formula, as a result of indications given by the producers themselves, would be used in the allocation of box cars.

The minister has said that perhaps grain would be spoiling at a certain marketing point. This provision does not prevent cars going to that particular marketing point. It says that when they do go to that marketing point they must be distributed on a certain basis. I can imagine the arguments against this formula being used each and every day, and can judge perhaps better than the minister could judge.

There is a provision in the Canada Grain Act—and I refer specifically to section 68 (2)—which gives the board the right to alter even the car order book formula on a temporary basis if it thinks an inequality has resulted. While I am not a lawyer, I would be quite prepared to have that paragraph applied to the whole of the Canada Grain Act, as I think it would, anyway; because if one elevator were empty it would not need 40 per cent of the box cars. I understand that. But the chances of an elevator house

becoming empty under the present situation are, in my opinion, almost impossible.

The situation is that you have plugged elevators; and when an elevator has room for 4,000 bushels of wheat, in a day or two there will be 6,000 bushels in front of the elevator house waiting to be unloaded. The farmers do not find the elevators empty. They sometimes find when they go to town with a load of grain that they have to take it home because there is no space.

Then the minister says that if there are six elevator companies at one point it is not right to say that cars are now distributed one to each company. Well, I think that method is used more often than the method of giving the pool two cars for each one that the other elevators companies are getting. We have the car order book in effect now at dozens of country marketing points. Because the pool elevator is sponsoring the use of the car order book, it feels it has been discriminated against in the allocation of box cars.

Then the minister says: Supposing there are four elevator companies at a marketing point. The farmers can decide to sell their grain to one, and there are three elevator companies which do not buy any grain. He says that surely we do not think there are too many elevator houses in western Canada. My answer is that if there are four elevator houses at one point, and all the farmers want to deliver their grain to the one elevator, then the other three elevators should go out of business or should sell to the one to which the farmer wishes to deliver his grain.

Surely that is the way competition works. Surely that is free enterprise. If the farmers do not wish to deliver to three elevator companies, but wish to deliver to only one of them, then under ordinary competition the one would buy out the other three and use the four elevator houses. They would all be in use, and the farmers would have the opportunity to deliver their grain to the elevator of their own choice.

I am happy to go along with everything the minister said concerning the effective work done by the transport controller in connection with the relieving of congestion. I think his allocation of box cars in the areas requiring box cars is a good one. But the transport controller does not allocate the box cars among the elevator companies at grain marketing points. He merely says, "Here is a marketing point which requires 20 cars. We would like to see those 20 cars go to that marketing point." In other words, the transport controller does not know any more than I do which elevator companies will get those 20 box cars.

The hon. member for The Battlefords said he thought—he was not too sure about it—that the delegates to the wheat pool annual convention turned down a measure such as this. I do not believe that for one moment. What they turned down, if they turned down anything, was not this at all. In talking to people in the grain business, and people associated with the farmers, I am prepared to say that the farmers' own associations would support this bill. They might consider that certain amendments were necessary, and that the bill did not show the best draftsmanship. However, I was not attempting to draft a bill which would cover every possible contingency. All I have wanted to do is to place the idea in a bill for purposes of discussion.

I believe if this provision were added to the Canada Grain Act, and if section 62 (2) applied to this bill as it applies to the car order book section, giving the board of grain commissioners the right to remove this section when there was any inequality, it would greatly improve the present marketing methods. If an elevator company at a given marketing point cannot get sufficient grain in fair competition to keep it in business, it should not be in business and its doors should be locked. You do not have a situation in any other place where the patrons are forced to go to a given company whether they want to or not.

I know from practical experience that in certain instances this would help the line elevators, where they might have a popular agent or where farmers believed in that method of marketing. In other instances it would help the pool elevator agents. But in any event it would allow the farmer to indicate where he wished to market his grain.

I think this is a reasonable formula which should recommend itself to the house. The minister contradicted my figures on wheat supplies, but I point out to him that they were released by the dominion bureau of statistics in "The Wheat Review" for March, 1953, published by authority of the Right Hon. C. D. Howe, Minister of Trade and Commerce. The first paragraph reads:

> Latest available estimates indicate that supplies of wheat remaining on or about March 1, 1953 in the four major exporting countries for export and carryover at the end of their respective crop years amounted to 1,468·2 million bushels, some 66 per cent greater than the 885·6 million available a year ago.

There may be some explanation for those figures, but I will tell the minister why I used them. I used them in western Canada when speaking to meetings of farmers and businessmen in an attempt to convince any

who might be doubtful that the present large supplies of wheat made it imperative in the interests of western Canada and western wheat producers that a wheat agreement be signed. As the minister knows, there are certain people who are against an international wheat agreement. He knows that certain other people want certain prices without which they are not willing to support an international agreement. If those figures are not right, perhaps I should take a second look at my argument.

Mr. Howe: The hon. member did not quote those figures; he quoted his own interpretation of them.

Mr. Argue: Not at all. I said that 1,468 million bushels, less 135 million bushels still to be filled under the current international wheat agreement after publication on March 1, together with any additional quantities that might be sold as class II wheat, would leave a surplus of wheat which would be equal to approximately two years' demand under the international wheat agreement if all the countries should enter.

Mr. Howe: You are absolutely wrong.

Mr. Argue: The minister says that, but he can amend his own statistics if he cares to. I hope the house will turn down the amendment moved by the Minister of Trade and Commerce and support the bill.

Mr. J. A. Ross (Souris): Mr. Speaker, I should like to say just a word on this measure. I listened to the Minister of Trade and Commerce (Mr. Howe) speak in opposition to this, but from my own personal experience the allocation of box cars last year in certain districts was not satisfactory. As he said, it is true enough that the quota applied in some districts whereas it did not apply in others. I do not want to be accused of talking out this measure, because I think it is a step in the right direction. As the minister said, it is based on the seeded acreage and it is on that basis that quotas are arrived at and set for the handling of our grain.

I am not going to get into an argument about the carryover or surplus grain, because I agree that our grain should be properly sold and marketed. Nevertheless the last two years have created a very serious situation in the delivery and marketing of our grain. We must realize that in the past few years there has been a great change in our system of harvesting. We now use combines and trucks, things we did not use some years ago. I think the proposed bill will be of assistance in marketing our grain, and therefore I propose that we should support it.

I should like to see a vote taken before six o'clock.

Mr. J. S. Sinnott (Springfield): Mr. Speaker, I should like to say a word before a vote is taken on this bill. I give the hon. member for Assiniboia (Mr. Argue) great credit for trying to improve the marketing of western grain. He has presented his case to the government, and I think he would be doing a great favour to the western wheat growers if he did not force this house to divide on this issue but withdrew his bill and left the matter to the consideration of the government, to see what they can do to meet the situation. He has expressed his views most strongly, for which I give him credit, but at the same time I do not think there will be any value in having a vote because it is not a government measure. If the hon. member would give the government the benefit of the doubt and allow them to consider this legislation I think he would be doing a great service.

The house divided on the amendment (Mr. Howe) which was agreed to on the following division:

YEAS

Messrs:

Anderson
Applewhaite
Balcom
Bater
Beaudoin
Beaudry
Blue
Boisvert
Boivin
Bonnier
Boucher
Bourget
Bourque
Bradette
Bradley
Brisson
Byrne
Cameron
Campney
Cardin
Carter
Cavers
Cloutier
Corry
Cote (Matapedia-Matane)
Cote (St. Jean-Iberville-Napierville)
Crestohl
Croll
Cruickshank
Darroch
Decore
Denis
Dickey
Dube
Dumas
Dupuis
Eudes
Eyre
Fournier (Hull)
Fournier (Maisonneuve-Rosemont)
Fulford
Gagnon
Gardiner
Garland
Gauthier (Lake St. John)
Gauthier (Portneuf)
Gauthier (Sudbury)
George
Gibson
Gingras
Gour (Russell)
Harris
Hellyer
Helme
Henderson
Hosking
Howe
James
Jutras
Kickham
Kirk (Antigonish-Guysborough)
Kirk (Digby-Yarmouth)
Lafontaine
Langlois (Berthier-Maskinonge)
Langlois (Gaspe)
Lapointe
Larson
Leduc
Lefrançois
Lesage
Little
Macdonald (Edmonton East)
MacDougall
MacKenzie
McCann
McCulloch
McCusker
McIlraith
McLean (Huron-Perth)
McWilliam
Major

Masse	Schneider
Monette	Simmons
Mott	Sinclair
Mutch	Sinnott
Nixon	Smith (Moose Mountain)
Picard	Stick
Pinard	Tremblay
Pouliot	Valois
Proudfoot	Ward
Prudham	Weaver
Ratelle	Welbourn
Robertson	Whiteside
Robinson	Whitman
Rooney	Winters
Rousseau	Wood—111.

NAYS

Messrs:

Adamson	Knight
Argue	Knowles
Beyerstein	Lennard
Blackmore	Low
Blair	MacInnis
Brooks	MacLean (Queens)
Bryce	McGregor
Casselman	McLure
Catherwood	Montgomery
Charlton	Nickle
Churchill	Noseworthy
Coldwell	Nowlan
Courtemanche	Pearkes
Coyle	Quelch
Fair	Ross (Souris)
Fairclough, Mrs.	Shaw
Fleming	Stanfield
Fraser	Starr
Graydon	Stewart (Winnipeg North)
Green	Thatcher
Hansell	Tustin
Harkness	White (Hastings-Peterborough)
Herridge	Wright—48.
Higgins	
Hodgson	

Mr. Johnston: I was paired with the hon. member for Halton (Mr. Cleaver). Had I voted, I would have voted against the amendment.

Mr. Goode: I was paired with the hon. member for Medicine Hat (Mr. Wylie).

Mr. McCubbin: I was paired with the hon. member for Middlesex East (Mr. White). Had I voted, I would have voted for the amendment.

Mr. Speaker: The hour for private and public bills having expired, the house at eight o'clock will resume the business which was interrupted at five o'clock.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

CANADIAN BROADCASTING ACT

PROVISION FOR GRANT OF CERTAIN TAXES TO CORPORATION

Hon. J. J. McCann (Minister of National Revenue) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Canadian Broadcasting Act, 1936, to provide that the Minister of Finance shall from time to time grant to the Canadian Broadcasting Corporation, out of the consolidated revenue fund, amounts equal to the taxes collected under part XI of the Excise Tax Act in respect of the goods mentioned in section six of schedule I to that act.

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

Mr. McCann: Mr. Chairman, the purpose of this resolution is to discuss the principle having to do with the manner in which the finances of the Canadian Broadcasting Corporation will be raised. I think perhaps, in introduction of the few remarks I have to make, I might call to the attention of the committee the statement which was made by my colleague the Minister of Finance on the occasion of the presentation of his budget speech. As reported at page 2133 of *Hansard* he said, among other things:

The government has been seeking a fair and effective source of revenue for the national system of television broadcasting being developed by the Canadian Broadcasting Corporation in accordance with the general policy that was announced by the Prime Minister (Mr. St. Laurent). The government's policy is to have the cost of the national television service paid, as far as that is practicable, by those who benefit from such service. It also wishes the C.B.C. to have a direct source of revenue, on which it can budget over a period, and not to be dependent upon annual appropriations to finance its operations. We wish to emphasize that it is a separate corporate body, under the general control of parliament but not a part of the government.

Television operations have just recently commenced and their development has been financed by loans specifically authorized in the estimates. It is now expected that, in addition to commercial television revenues, the C.B.C. will require about $6 million in the next fiscal year to meet operating costs of television, including interest on loans. This requirement will increase over the next few years, perhaps to about $10 million. Some part of these needs during the development period may properly be met from loans, and paid from future revenues, but we should start now with a plan to provide adequate revenues over the long run.

It is therefore proposed that the Canadian Broadcasting Act should be amended to provide that the corporation should in future receive from month to month the amount of revenue yielded by the present 15 per cent special excise tax on television sets and the picture tubes for such sets, and on such parts and accessories for television sets as are taxable under the Excise Act. In this way those who buy sets, or the replacement tubes for them, will be providing the basic revenue necessary for C.B.C. television services. In order to make this plan effective, it will be necessary to revise the regulations to provide that tourists returning to Canada may not include as baggage eligible for free entry television sets or the picture tubes for use in them.

Having decided upon this plan in regard to television, we have now come to the conclusion that a similar transfer of the 15 per cent special excise tax revenue can and should be made to assist in financing radio broadcasting,—

That is, of course, sound broadcasting.

—in place of the present licence fee. Although the continuation of this fee had been recommended by

the Massey commission, experience has convinced us that it is uneconomical to collect such a small individual fee from such a high proportion of Canadian families, if any satisfactory alternative is open. We believe that payment to the C.B.C. of the amount of revenue received from the 15 per cent special excise tax on radio sets and the taxable parts and accessories for them does provide a satisfactory alternative, at least for the next few years until the present statutory grant for radio broadcasting is reviewed at the end of its five-year term. Consequently we are proposing that the broadcasting act should provide for this transfer of revenue, as well as that for television, and that the order in council under the Radio Act setting the present licence fees of $2.50 should be revoked with effect from April 1.

Of course all members of the committee are aware of the fact that the Radio Act was amended yesterday, and that amendment which discontinues the $2.50 fee is in effect from April 1. The Minister of Finance continued:

I estimate that the amount of revenue to be received by the C.B.C. under these arrangements will be approximately $12 million in the next fiscal year, the amount in respect of radio probably exceeding somewhat that for television. The public will be relieved of paying something over $6 million in radio licence fees, this next fiscal year, and our expenditure in collecting such fees, anticipated at $700,000 in the estimates, will be saved.

I have just a few words of explanation to give with reference to the procedure that has been followed since that budget speech was made. The Department of National Revenue, which collects the excise tax, early in March sent out instructions to dealers that return of taxes should in the future be separate as between radio and television. Our previous custom was to lump the two together. The March tax on those sets which have been sold is not due until the end of April. These figures when they are received must be tabulated and analysed. It is expected therefore that it will not be until the end of May or early in June that accurate figures can be given as to the excise tax revenue for radio and television separately.

Unit sales, based on the ten months of 1952 and estimated for a full year, of radio units was 501,974; television units 102,844, and record players, 24,546. The excise tax collected upon combined radio and television products for the year 1951-52 was $8,252,000. During that period sales of radio products were higher than those of television. However, based on bureau of statistics figures for the first ten months of 1952, it is estimated that the sales of each of these products are about equal. Sales for this period were approximately $38 million each for radio and television; that is $78 to $80 million for both. Therefore it is reasonable to assume that the revenue from excise tax in each of these divisions will be equal. The estimated excise tax for combined radio and television for the year 1952-53 is about $10,500,000. This figure is based upon a ten-month period.

Yesterday the committee on radio broadcasting paid a visit to and had a meeting in the city of Toronto. They were able to have a close-up view and study of the facilities which we have in that city, and actually see the production of a television program. All hon. members found that very interesting and illuminating. It did give them a concept of the enormous expenditure that is necessary to equip a station, both from the point of view of capital expenditure and yearly maintenance. It gave them a splendid idea of where the taxpayers' money went, and how expensive it is to carry on these operations.

I have nothing further to say except to answer any questions which may be asked on the resolution. If we proceed from the resolution stage to the second reading of the bill containing the amendments which will be made to the broadcasting act, it is my intention to move that the bill be referred to the special committee on broadcasting. The bill just provides that:

The Minister of Finance shall from time to time grant to the corporation out of the consolidated revenue fund amounts that, in the opinion of the Minister of National Revenue, are equal to the taxes collected under part XI of the Excise Tax Act in respect of the goods mentioned in section 6, schedule I to that act.

Mr. MacDougall: With respect—

Mr. Fleming: Mr. Chairman, this is a government motion, and certain rights attach to the first opposition member who follows.

Mr. MacDougall: I am going to ask a question only. In reading the finance minister's statement with respect to the presentation of the budget the minister mentioned that the elimination of the radio licence fee naturally will bring about a diminution in the number of personnel that have previously been in that department. Am I correct in assuming that?

Mr. McCann: I think that matter has been brought up in the house before. As a matter of fact, the collection of the radio licence fees for receiver sets comes under the Department of Transport. Their authority is the Radio Act. My recollection is that the Minister of Transport has given some indication to the house, although I cannot quote accurately what he said, that a number of people who were so engaged in the department would be transferred to other posts.

With reference to people throughout the country who sold the licences, that was done on a commission basis and was a part-time occupation only. They themselves will have to obtain other employment to take the place of the part-time service they performed.

Mr. Fleming: Mr. Chairman, as the minister has indicated, this resolution follows logically upon the decision taken by the house yesterday in amending the Radio Act to abolish the $2.50 fee on radio receiving sets, a decision taken with unanimous approval of the house, a decision welcomed I am sure by all, a decision long years overdue.

This present measure is, as I understand it, designed now to fill the gap created by yesterday's amendment of the Radio Act, and to provide alternative revenue to meet the needs of the Canadian Broadcasting Corporation. That need relates to the activities of the corporation with respect to both sound broadcasting and the development of television which is now just beginning.

The estimate that was made by the Minister of Finance as to the revenue which would be available under the proposed measure was $12 million. That has been broken down a little more closely since that time to these figures: anticipated revenue from the excise tax on television sets and picture tubes, $6 million; that from radio receiving sets and tubes approximately $5,750,000. It happens that the sum of $5,750,000 is the amount that was previously yielded to the Canadian Broadcasting Corporation by the $2.50 fee on radio receiving sets. This measure, therefore, if adopted will give to the Canadian Broadcasting Corporation, it is estimated, almost exactly the same revenue for its sound broadcasting activities as it is losing by the repeal of the $2.50 licence fee.

As to television, as the committee appreciates, the Canadian Broadcasting Corporation in all it has done up to the present time with respect to television has operated entirely on loans from parliament. Those loans, sir, have aggregated altogether $8 million. The first loan was $4,500,000. Then there was a second in 1950 of $1,500,000; then last year, 1952, parliament voted another $2 million loan, making in all $8 million.

The present measure, as I understand it, will put an end to the policy of loans. It will then be the duty of the Canadian Broadcasting Corporation in its television operations, on their financial side, to make provision for the repayment of those loans according to the terms agreed upon between the corporation and the government at the time those loans were made.

It may be an ingenious scheme that the Minister of Finance put forward. It may be that it is a striking coincidence that the amount expected to be yielded from the excise tax on radio receiving sets and tubes happens to be almost exactly the same as the amount hitherto received from the $2.50 licence fee on radio receiving sets. But, Mr. Chairman, I think we will have to look a little more deeply into and beyond these superficial and rather striking coincidences in amounts.

As I understand it, it is the duty of parliament, in reference to the voting of money, to assert and to maintain strict control over parliamentary appropriations and expenditures. When the amendment of 1951 was before the house and the house was asked to vote for a period of five years an annual sum of $6,250,000 for the general financial purposes of the Canadian Broadcasting Corporation, those of us in this part of the house said that the principle of voting money for a five-year period in advance was fundamentally wrong. Whatever might be said for the parliamentary grant to the Canadian Broadcasting Corporation—and no one took objection to the grant for the year then under consideration—that was no argument whatever for a five-year grant, in advance, without any necessity of the matter being referred back to parliament year by year within that period of time.

The position we took at that time was fundamentally sound; and the majority of the house, in deciding by legislation that that matter would be placed beyond the reach of parliament for a period of five years, in my submission failed in its duty with reference to parliamentary control over public expenditures.

The measure now before us apparently is designed to repeat the same error. It may be well to ask parliament to make this sum available this year. Parliament has control of the matter, parliament has the facts before it, and parliament can act this year. It would not then be tying its hands for the future—next year, or the year after, or the third year or the fourth year. But if we are to follow the statement made by the Minister of National Revenue this evening, and read again what was said by the Minister of Finance on February 19 as reported at page 2133 of *Hansard*, apparently this present measure is to have effect for at least the same period as the five-year statutory grants which, thus far, have run only two years.

If that is the effect of the measure, then I say another error is being made. Because whatever may be said for these grants at the present time, it is of fundamental importance in the discharge of our duty as a parliament that we should not give away the right or attempt to pass off the obligation we owe to maintain supervision over this grant year by year.

There may be additional reasons why the matter should be reviewed each year. If the figures with which we have been furnished

are borne out by experience, it happens that this year there is a quite close similarity between the amount the Canadian Broadcasting Corporation is losing by reason of the repeal of the $2.50 licence fee and the amount they are to receive through the excise tax on radio receiving sets and tubes. But that equation may not exist in the following year, or the year after that.

If I understood correctly what the minister said this evening, as well as the remarks of the Minister of Finance in his budget speech, we are to be invited to say, by way of legislation, that for the period of five years, or what remains of it, this is the grant to be made; and the matter will not have to be referred back to parliament year by year. If that is the effect of it, then I think the house is being invited by the government to commit another serious mistake.

The finances of the Canadian Broadcasting Corporation are of very great importance. Its operations are highly important, particularly at this time when it has entered upon the new field of television broadcasting. It would be a very indiscreet man indeed who would attempt to weigh the full influence and effect of television. It is a new and potent force; it is a force which enters into the homes of the nation, and will exert an influence far beyond the ability of any of us now here to comprehend. It will exert an influence upon the thinking of old and young alike in a way that has not been experienced before.

Nothing, then, could be more important in the discharge of our parliamentary duties to the nation and to its homes than that there should be frequent review of the affairs of the Canadian Broadcasting Corporation, and its administration. It has been the policy of the House of Commons, since the Canadian Broadcasting Corporation was first established, to have a committee of the house review its operations every two years. As a matter of fact, sometimes the period has been longer than two years; but in this post-war period the interval has been about two years, on a strict average.

In connection with the voting of large sums such as are involved in this bill—$12 million per annum; and perhaps more than that in the future—I say there should be an annual review. I am not saying that the committee must be set up every year. It may or may not be decided by the house, in its wisdom, to set it up every year in the future. It may continue to follow the policy of biennial committees. But when we are dealing with an amount like $12 million in relation to the operations of the Canadian Broadcasting Corporation, both with respect to sound broadcasting and television, then I say it is highly important that the voting of this money should come before the house every year.

If we are to follow the procedure indicated by the minister this evening, and as foreshadowed by the Minister of Finance in his budget speech on February 19, then we are putting it beyond our reach to touch this matter for the period of the five years during which the other annual parliamentary grants have effect, and without any further vote on the part of parliament. The Canadian Broadcasting Corporation under this measure will enter the new fiscal year with revenues of about $22 million. Of that, $15 million is to be used in sound broadcasting and $7 million in television. Of that $7 million, we see that $6 million will come under this bill and approximately $1 million, it is anticipated, from commercial revenues. These are large amounts; and if parliament is to do its duty then, in my submission, it should review these amounts annually.

The argument has been used—it was used in 1951 when we said that these grants should not be voted for five years in advance—that the Canadian Broadcasting Corporation needed assured revenue in order to carry out long-term planning. I am as appreciative as any member of the necessity for long-term planning in the field of sound broadcasting and that of television. In the committee on broadcasting we have been hearing a description of the plans of the Canadian Broadcasting Corporation in that regard. No one wishes to tie their hands in making plans, but parliamentary control should first be vindicated. I think the Canadian Broadcasting Corporation can have sufficient confidence in parliament and its desire to see that adequate provision is made to meet the proper expenses of the corporation to be assured that year by year parliament will provide what is shown to be required for the purposes approved by parliament.

While recognizing the necessity of providing revenue to replace that lost by the corporation as a result of the abolition of the $2.50 licence fee; while admitting the specious attraction of the present proposal which has some ingenious aspects; while recognizing that so far as may be possible the burden should be borne by those who enjoy the benefits, nevertheless I see in the present proposal something more than just a convenient way of making the necessary provision. If I understand what has been proposed, I see here something that may be entitled to command the approval of parliament this year, but something which invites

parliament improperly to tie its hands in future years. That should not be done.

I am glad the minister has indicated that when the bill is given second reading it will be referred to the committee on radio broadcasting. That is a sensible proposal which will assure the bill being reviewed by that committee which is considering other matters closely related to the purposes of the bill. Why cannot we have a bill of this kind and then have an annual provision in the estimates in such form that parliament will be free to deal with it annually on its merits?

Mr. Hansell: Mr. Chairman, before entering into a discussion of this measure I should like to rise to a question of privilege. Bill No. 337, to amend the Radio Act, was brought in yesterday and given second and third reading while the radio committee was away on another assignment in Toronto. I am disappointed that the bill was not left over until the members of that committee could have been here. Not only were the members of that committee not here to discuss the bill; the Minister of National Revenue, under whose jurisdiction is the operation of radio, was also away with the other members of the committee. We can do nothing about it. The bill received third reading by consent, which was not according to the regulations. I do feel that those responsible for the order of business might have extended to the members of that committee the courtesy of leaving the measure over until we returned. As I say, there is nothing we can do about it, but I do rise on that question of privilege.

May I change the subject by discussing for a moment or two the present resolution. I am not going to detain the house by repeating what the hon. member for Eglinton said, because there is no purpose served by saying the same thing twice. I support the hon. member for Eglinton in his argument that by making the amount statutory it is taken out of the hands of parliament year by year. We will have no control over that appropriation.

In order to partially remedy this, I suggest to the minister that the broadcasting committee should be made a standing committee. The order of reference should not be just the discussion of the operations of the Canadian Broadcasting Corporation; the committee should be permitted to examine the expenditures and give approval when there is no opportunity to do so year by year in the house.

I am not particularly opposing the measure, or at least the principle involved that those who gain advantage in a certain way should pay the bill. In a sense I think that is a proper principle. If a man owns one radio only he will pay so much excise tax. But if a man is wealthy enough to have one radio in his kitchen for his wife, another in the living room for his friends when they visit, another in his daughter's room so that she may lie in bed and listen to some crazy program, another in his boy's room so that he may see how many cowboys are being killed every night, he then pays more revenue.

An hon. Member: And in his car as well.

Mr. Hansell: As my hon. friend points out, he may also have one in his car. A man who is wealthy enough to have these radios in different rooms in his house is consequently called upon to pay a little more. I have not very much to say against that principle.

But there is something the Canadian taxpayer should know. While he may have hailed with some jubilation the discontinuance of the radio licence fee, the fact is that the government are going to get it out of him just the same. In some cases they are going to get more. In the aggregate the government will be getting about twice as much this way as they would by charging the licence fee. The taxpayer should know that all that has been done is that instead of the government dipping into the right-hand pocket of his trousers, they are now reaching around and extracting twice as much from his left-hand pocket. The government can say, well now if we reach into the right-hand pocket the taxpayer will know we are only taking out $2.50 per year, but by this measure we can now reach into the left-hand pocket of the taxpayer and he will not know how much we are taking out. The only means the taxpayer would have of knowing would be to take a pencil and try to calculate the sales tax at the manufacturer's level and any excess taxes that might be added as the article goes from the manufacturer to the wholesaler to the retailer or perhaps through some middleman, I do not know. However, the taxpayer will not know how much he is paying.

If I had my way I would have a price tag on every article showing the amount the consumer is paying for the article and the amount of tax that is added. Sometimes that is done. It was done during wartime on jewelry and a few things like that. However, the people have yet to realize what the present government's financial policy means in respect to taxation. We are taxed for just about everything we do or everything we own. You cannot own a dog without being taxed. My hon. friend tells me that if you live in Banff you cannot own a cat without being taxed.

An hon. Member: You could move.

Mr. Hansell: The hon. member suggests that we could move. We could move out of one place and move into another, but we might find some other tax imposed there. We might move from Alberta, which is becoming less burdensome in taxes, but if we moved to Quebec we would have an extra sales tax. To what place could one move?

Mr. Fleming: To the moon.

Mr. Hansell: Well, if one went to the moon, as the hon. member suggests, it might be all right; but when we got up there we might find that they had a Liberal government and we would not be any better off. I suggest that the only way this matter can be rectified is for the taxpayer to say, "Well, let's try some other administration that has some different type of financial policy".

Mr. Fleming: Hear, hear.

Mr. Hansell: Now the hon. member for Eglinton spoils it all, because I agreed with him up to this point. Now he says, "hear, hear". I do not want to embarrass him but I should like his party to tell me what different financial policy they have from the Liberals.

Mr. Fleming: We believe in eliminating waste and extravagance and reducing taxes.

Mr. Hansell: The reduction of taxes is not a different financial policy.

Mr. Fleming: It is very different.

Mr. Hansell: It is not a difference in financial policy. Policy is that which runs the machine. It is not taking a bolt off the front bumper and putting it on the back one. A change such as that is just a fluctuation in the amount of taxes one way or the other. However, we will not go into that tonight. I do not want to get into any argument, Mr. Chairman, and you would only call me to order if I did.

I do urge the minister to make certain that if the authority for expenditures and appropriations is made statutory and taken out of the hands of parliament, he will have some substitute for governing that expenditure, even if it is only the radio committee. This method cannot be followed unless that radio committee becomes an annual or standing committee. That is my proposal, and I shall not say anything more during the resolution stage, Mr. Chairman.

Mr. Macdonnell (Greenwood): I should like to add a word or two. I am glad to have so much support, Mr. Chairman, and I hope I shall have it when I am finished. I really have risen to support some of the remarks made by the hon. member for Eglinton with which I agree most wholeheartedly. First of all I should like to read to the minister one of his utterances in past years which I have treasured in my memory ever since. It made such an impression on me that I was able to give almost the exact words when I sent to the library for it tonight. It was brought to my mind because the minister began by saying that, of course, the C.B.C. was entirely separate from, and was not in any way a part of, the government.

When I read this quotation to the minister I know he will say there is nothing inconsistent in it. I am going to submit to you, Mr. Chairman, that there is a great difference in emphasis. The heart is different, and when I read this to you I think you will agree. I am quoting from *Hansard* for August 30, 1946, at page 5675; we used to stay here throughout the summer in those happy years:

> I for one believe in state-owned, state-operated and state-controlled radio in this country—

In fairness I should add that the minister went on to say that that was the policy endorsed in 1932 by the party to which I belong. I am not going to enter into that old argument. I am just reminding the minister that in those days he was very full of that aspect of the situation. Tonight, of course, he accentuated the other one.

The first thing I wish to do is reiterate what the hon. member for Eglinton said, that this business of being asked to provide funds over the years in advance does not make sense. In my opinion it does not make any sense at all. Why do we act differently toward the C.B.C. than we do toward the Canadian National Railways? The Canadian National Railways come here year after year and state their position. They state their requirements, and there is a committee to consider that. Then their requirements are met, as is right and proper, but only after the Canadian National give an account of their stewardship. I defy anyone to say there is a difference in principle. I defy anyone to show why it is not a convenient, easy and natural course to follow in this case.

Next I wish to say that this tax, this means of raising money which we are asked to approve, while it does happen at the present time—when I say "happen" I mean happen because it is the sheerest accident—to be just about the amount previously raised, that is a sheer accident. There is no more relationship between the needs of the commission and the yield of this tax than there is between the needs of the commission and, let us say, the tax on cosmetics or on toasters. The yield from this tax is going to depend from year to year very largely on the amount of

money the taxpayer has in his pocket. The expenses of the commission are going to vary extraordinarily little. They will go on unchanged from year to year except that, of course, there will be a constant tendency to rise.

There is another thing I object to and it is this way of voting money years in advance. The money is voted in advance now, but there is nothing to prevent the commission coming back next year and asking for more; and there is nothing to prevent the government getting them more, which of course they will do if the commission's needs actually increase. On the other hand it is very, very hard for me to believe, Mr. Chairman, that we will have the commission coming along to tell us that we have given them too much money. That would only happen in a far, far better world, Mr. Chairman.

Without labouring the matter further I repeat and underline what the hon. member for Eglinton said. This is unsound in principle; it is unsound in practice; it does not make sense; and no reason that any intelligent man can make sense of has been given for it.

Mr. Hansell: I am not rising to make another speech, but I would just ask the minister a question before he replies. Since this is a matter which comes under the Department of Finance, is it expected that an official from the finance department will be giving some evidence or will be before the radio committee when it meets on this bill?

Mr. McCann: Mr. Chairman, in answer to that question the officials will be available if the committee sees fit to call them to give evidence.

In closing the debate I shall not take long, but I will just mention a few points which have been brought up. Probably I should first make reference to the comments and criticism of the hon. member for Greenwood.

He referred to my statement in 1946 and then contrasted it with the statement of the Minister of Finance who said that we wish to emphasize that the Canadian Broadcasting Corporation is a separate corporate body under the general control of parliament but not part of the government. He answered his question himself when he said that he felt quite sure there would be no conflict between those two opinions, nor is there the slightest conflict. I still take the position I took in 1946 when I made that statement with respect to state ownership, control and management for what is a natural monopoly for all the people of this country. There is no use going back to the debate we had when the committee was set up. I dealt with the history of the matter at that time, I think.

One of the reasons which I might emphasize, and which I stated a year ago when we were having a somewhat similar debate, is that the statutory grant was recommended by the Massey commission, which went more fully into the matter of broadcasting than any other commission that we have ever set up.

Mr. Macdonnell (Greenwood): You turned down their other recommendations fast enough.

Mr. McCann: We do not have to take all of them, necessarily, but it is well to take the best of them. At that time the commission recommended, with reference to the financing of the Canadian Broadcasting Corporation, that they be given an amount—and I think they stated what the amount should be—for a period of years in order that they could plan their work. Anyone who is familiar with the work knows that it takes a lot of long-term planning before they can actually put into execution the matters which they have in hand.

I believe, and I will agree with the hon. member for Eglinton, that the Canadian Broadcasting Corporation is of such importance, and of such growing importance, that we would be well advised to have a standing committee on radio broadcasting, or at least to have the special committee meet every year. That particular phase was also mentioned by the hon. member for Macleod. With respect to his general remarks regarding taxation—well, of course, there are taxes everywhere, even in the planet where he expects to go. I am sure he will find lots of taxes there, and I do say that when he gets to the moon, if there is a government there it will probably be a Liberal government and television will have developed to such an extent that we will be able to have a look at him and see how he is getting along.

I have no further remarks to make.

Resolution reported, read the second time and concurred in.

Mr. McCann thereupon moved for leave to introduce Bill No. 340, to amend the Canadian Broadcasting Act, 1936.

Motion agreed to and bill read the first time.

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

Some hon. Members: Now.

Mr. Fleming: No; we have to see the bill first.

Mr. McCann: After second reading I would move that it be referred to the committee on radio broadcasting.

Mr. Fleming: It requires unanimous consent of the house to have the bill read a second time now. It is all very well to refer a bill to a committee, but we ought to know what is in the bill before we do anything.

Mr. Speaker: Is it agreed that the bill be read a second time at the next sitting of the house?

Some hon. Members: Agreed.

Mr. Fournier (Hull): Last night I announced that we would proceed with Bill No. 332, an act respecting the Canadian forces. I understand that the minister is in conference with some member of the opposition in an attempt to draft an amendment to the section which was contested last night. If hon. members have no objection we will take up Bill No. 316, relating to trade marks and unfair competition.

TRADE MARKS ACT

REVISION AND CONSOLIDATION OF TRADE MARKS LAW

Hon. F. G. Bradley (Secretary of State) moved the second reading of Bill No. 316, relating to trade marks and unfair competition.

He said: Mr. Speaker this bill revises and consolidates the Unfair Competition Act, 1932 (22-23 George V, c. 39), which has been in force since September 1, 1932, and other statutory provisions relating to trade marks, trade names and acts of unfair competition. As the main subject dealt with is trade marks, the short title provided for in section 1 of the bill is the Trade Marks Act.

As many criticisms had been directed against the provisions of the Unfair Competition Act, 1932, and their interpretation and application had given rise to such dissatisfaction, in the fall of 1947 the then secretary of state entrusted to an advisory committee of experts in this field of law the task of studying the representations and suggestions already submitted, of securing further views from organizations and individuals who might appear to have an interest in the matter, and of making recommendations for the drafting of new legislation or, if deemed advisable, submitting a draft statute for consideration. In addition to legal practitioners specializing in, amongst other fields, the law of trade marks, and officials administering the Unfair Competition Act, the said committee included representatives of the Canadian Manufacturers Association, the Canadian Chamber of Commerce and the patent institute of Canada. More recently an official of the Department of Justice has also taken part in the committee's work.

At an early stage of the committee's work questionnaires were distributed to and representations received from interested persons and bodies in Canada, the United Kingdom and the United States, including the patent institute of Canada, the Canadian Manufacturers Association, the Canadian Chamber of Commerce, the board of trade of the city of Toronto, the law society of Upper Canada, the United States trade mark association, the chartered institute of patent agents of the United Kingdom and the trade marks, patents and designs federation of the United Kingdom. Copies of the questionnaires were distributed to their membership by the Canadian Manufacturers Association, the Canadian Chamber of Commerce, the patent institute of Canada and the Association of Canadian Advertisers Incorporated. A questionnaire was also published in the *Canadian Bar Review* and in the *Ontario Weekly Notes*. Notice of the activities of the committee was published in the journal of the patent office society of the United States, and mention of its work and objects was made in the daily press of Canada.

The committee has been in contact with other departments of the government of Canada having an interest in some of the proposed provisions, namely the Departments of Trade and Commerce, of national revenue (customs and excise) and of finance, the Royal Canadian Mounted Police, the statute revision commission and the Criminal Code revision commission.

The committee has had an average of half a dozen meetings a year over a period of approximately five years. A considerable amount of work was done and time devoted to the committee's task between those meetings by subcommittees or individual members of the committee. Nearly two years ago it produced a first printed draft of the bill, which it circulated amongst substantially the same organizations and individuals who had received the questionnaires, more particularly those who had indicated an interest in the subject, and which it also made available to any others who signified a desire to receive copies. Further representations were received as a result, either indicating general approval of that first draft or containing helpful criticisms and suggestions for improvement.

The same treatment was accorded to the latter submissions as had been accorded to those received by the committee upon the questionnaires circulated by it at the beginning of its work; that is, they were carefully considered and any suggestions that

appeared to the committee to be reasonable and helpful were adopted and incorporated in the committee's draft, which was submitted to parliament in the Senate in June, 1952. Subsequently further representations were received, some of which appeared to have merit, and some amendments were made and incorporated in the bill which was introduced in the Senate earlier in the present session.

I hope the foregoing will not give the impression that we pretend to have produced a bill which meets all views. On a branch of the law which is of such a technical character, and at the same time of such practical importance to commerce, industry and the legal profession, it is obviously impossible to achieve unanimity of opinion on all points and proposals. It is for these very reasons that it was intended to afford all concerned an opportunity to give full consideration to, and make representations on, this bill.

The committee has prepared a detailed explanatory report which has been printed and published. Such report may prove very useful later in the administration and interpretation of the new legislation, if adopted. One precedent for this is the Goschen report on the 1938 legislation relating to trade marks in the United Kingdom.

May I, at this point, take occasion to pay well-merited tribute to the valuable services rendered by the trade marks law revision committee who, over a period of nearly six years, have given of their services unstintingly, attended many meetings and devoted many days of their time to this work entirely without remuneration.

I should now like briefly to summarize the main changes that this bill would bring about in the existing law as follows:

1. The elimination of the arbitrary division of trade marks into word marks and design marks, introduced by the Unfair Competition Act, 1932.

2. A more adequate definition of what constitutes a trade mark in the light of modern commercial practice.

3. The applicability of trade marks to services in addition to wares.

4. Relaxation of the rigid rules applying to the assignment and licence of trade marks.

5. Clarification of the principles governing the ownership of trade marks in Canada and the persons entitled to registration, including the right to file an application for registration prior to commencing actual use.

6. Provision for publication of trade mark applications and for opposition procedure.

7. In addition, an effort has been made to gather, into a compendious whole, the provisions contained in various statutes providing prohibitions against adoption and use of marks and symbols such as, for example, the insignia of the Boy Scouts, insignia of the armed forces and university emblems.

I should add that special care has also been taken to ensure that the provisions of the bill were in accord with Canada's obligation under the convention of the union of Paris for the protection of industrial property, including its London, 1934, amendments to which Canada adhered in 1951.

It is my intention, if the bill is given second reading, to move that it be referred to the committee on banking and commerce.

Mr. G. F. Higgins (St. John's East): Mr. Speaker, I shall not delay the house for long on this matter. It is rather a pleasure to follow the minister because I believe this is his first formal speech in introducing a bill. It is the first one I remember at all events. I should like to say that I followed him closely.

Over the week end I took the time to read this bill. As the minister had said, it is a comprehensive bill in every way. In the form in which it is presented it appears to answer most of the questions that had been bothering me somewhat. It appears to be what a working lawyer would say is more or less a bill that will suit the profession. Judging from the remarks which were made in the Senate, the minister is quite correct when he says that it has been studied for three years by a committee of the trade mark law review committee, I believe, whose services were entirely free.

There were just two points that struck me in reading the remarks that were made in the other place when the matter was being discussed. It was before the committee there at that time. There are certain societies and certain persons who are set forth in the act as being entitled to have their marks recognized as such. As an example I refer to the Red Cross. The only point at issue during the debate in the other place, and over which members nearly came to blows at one time—verbally, I mean—was the request of the Blue Cross organization to have their sign of the Blue Cross placed in the same category as that of the Red Cross. We had the rather unusual spectacle of one hon. member accusing another hon. member of attempting to intimidate him at that time. I am sure that would never happen literally in the other place, but it was a rather strange spectacle. The matter actually came to a vote, and as a result of the vote it was decided that the Blue Cross would be included. The following day that vote was reversed at the request of the government.

I do not know whether hon. members of the house here will want to consider that matter. I do not advocate it myself, because I do not know enough about the Blue Cross. It may be that it should be included in the act. However, that is a matter that should be discussed. Then there is a section that complies with the terms of union of Newfoundland and Canada. The entire paragraph is included in the act, I notice, in section 65. I personally see nothing to object to in the bill as presented by the minister at this time.

Mr. Fleming: May I ask the minister whether it is his intention to move, immediately after the bill is given second reading, that it be referred to the standing committee on banking and commerce for study and report?

Mr. Bradley: Yes.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, like the hon. member who preceded me—and who described himself in what I thought were most interesting terms when he said he was a working lawyer—I followed with interest the work of this committee. I think it is sound procedure that the government has followed in introducing this type of legislation, of having their officials give the matter thorough study, then referring it to a committee that gave it further study, and then referring the legislation to the interested parties in the country. I think that is a democratic way of getting a cross-section of opinion and finding the weak spots in suggestions made for amendment of the bill.

Like the hon. member who has just spoken, I read the minutes and proceedings of the standing committee on banking and commerce of the other place, and with great interest. I noticed there was considerable discussion as a result of representations made by some person on behalf of the Blue Cross. He wanted the Blue Cross to receive the same recognition in the bill as does the Red Cross. I read that evidence with interest, and I heartily agree with the majority opinion of the committee at that time. I think the Red Cross is something distinct and apart. It has a place in our national and international life that cannot be equalled. All the good work of the Blue Cross cannot equal it.

I am pleased to know that when the bill receives second reading it will be referred to the banking and commerce committee of the house. I shall also look forward with great interest to reading the minutes and proceedings of that committee, because I am quite sure that the same interest will be aroused in our committee as was shown in the committee in the other place, and I hope that our committee will come to the same conclusion.

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

SUPPLY

Hon. Alphonse Fournier (Minister of Public Works) moved that the house go into committee of supply.

EMERGENCY POWERS ACT—ORDER IN COUNCIL RE TRADE WITH MAINLAND CHINA AND NORTH KOREA

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, there is one matter I should like to place before the house before we go into supply. It has to do with the order in council passed under the Emergency Powers Act which was tabled in the house yesterday by the Minister of Transport (Mr. Chevrier). He brought in this order in council, which is No. 604, shortly before the noon recess. It is described as the "Control of trade by sea with mainland China and North Korea, order 1953".

The terms of this order in council are very far-reaching. In the first place it sets up what is a completely new licensing system for Canadian ships. As hon. members know, there are already various licences and certificates required by Canadian ships; but here we have an order in council passed under the Emergency Powers Act which sets up a completely new and additional licensing system. That provision is found in paragraph 3 of the order which reads as follows:

> 3 (1) No Canadian ship to which this order applies shall, on or after the 20th day of April, 1953—

That of course was yesterday. I continue:

> —proceed to sea from any port (whether within or outside Canada) except under the authority of and in accordance with a licence granted under this order by the minister.

In the definition section of the order in council the minister is defined as the Minister of Transport. Subsection 2 of paragraph 3 reads as follows:

> No master, owner or person having the management or control of a Canadian ship shall order, permit or cause any such ship to proceed to sea in contravention of subsection 1.

And by the way, the order is made applicable to every Canadian ship having a gross tonnage of more than 500 tons. It would apply, of course, to both cargo and passenger ships. Paragraph 4 of the order in council goes on further with regard to the licence and reads as follows:

> The licence required under this order shall be in addition to any other licence, certificate or authority from time to time required by the law of Canada.

Paragraph 5 reads:

A licence under this order may be general or for a specific voyage or voyages.

Further provisions of the order set out in what ways the minister may limit this licence. Paragraph 6 reads:

Any licence granted under this order may be granted subject to such limitations and conditions as the minister thinks fit to impose with respect to

(a) the trades in which the ship may engage and the voyages which may be undertaken by the ship;

(b) the class of cargoes or passengers which may be carried in the ship to mainland China or North Korea or within the territorial waters of those countries;

(c) the hiring of the ship.

It will be noticed that there for the first time is a reference to mainland China or North Korea, and that is the only reference throughout the whole order in council to these territories.

The wording of the order in council is such that there must be a licence obtained in every case, but then the Minister of Transport may put a limitation or a condition in the licence with regard to the class of cargoes or passengers which may be carried in the ship to mainland China or North Korea, or within the territorial waters of those countries.

I will not read the whole order in council. There are punishment provisions which provide for a maximum fine not exceeding $25,000 or imprisonment for a term not exceeding five years or both. In addition there is a provision that a director of a shipping company shall be subject to the same fine or imprisonment if the offence takes place with his knowledge or consent, or even if he fails to exercise due diligence to prevent the commission of the offence. The penalty provisions, as hon. members will see, are exceedingly severe.

It should be pointed out that this order in council makes it obligatory for every Canadian ship leaving every port, everywhere—not only in Canada, but leaving port in any other part of the world—if she is over 500 tons, whether passenger or cargo, to obtain a licence under this order in council. The order in council was made applicable at once, without any warning. Obviously it is very far-reaching.

This order in council was passed on April 17, just last Friday, while the House of Commons was in session. No opportunity has been given hon. members to consider it. There was no chance whatever for debate before it became law; there has been no chance for the press of Canada to carry the story of this new law across the country so the people of this nation would have an opportunity to understand what the government was doing.

This is the kind of action against which we in the official opposition cannot protest too strongly. Action was taken under the Emergency Powers Act. Hon. members will recall the debates in the house only a few weeks ago in connection with the extension for another year of the provisions of that act. We were led to believe at that time by the Prime Minister (Mr. St. Laurent) that he wanted the Emergency Powers Act continued for another year only as a stand-by power, that the act was required so the government could take whatever steps might be necessary when the house was not sitting.

We were told time and again during the debate that there was no intention to by-pass parliament. Oh, no, there was to be nothing of that kind. This Emergency Powers Act was required merely to do something after we had all gone home. The Minister of Justice (Mr. Garson) said it was needed during the period of the election, because during that time there would be no House of Commons sitting, and that the government required such powers.

Yet the ink on *Hansard* was scarcely dry when the Minister of Transport (Mr. Chevrier) walked into the house with a far-reaching order in council of this kind, passed under the Emergency Powers Act. I suggest to you, Mr. Speaker, that this action is in defiance of the Canadian parliament, and that it should be treated as such by members of the house and by the Canadian people generally.

Where has democracy gone in this country when a power-mad government will take action of that kind? It is not as though this were the only way the situation could be met. The government could have brought in amendments to the Canada Shipping Act setting up these requirements for a new type of licence. It may be argued that it would have been impossible to draw an amendment to confine the provision to the mainland of China and to North Korea. Yet we have that being done in legislation before the House of Commons at this very time.

I hold in my hand the revised Criminal Code. We find that section 46 thereof deals with treason and other offences against the queen's authority and person. A provision is written into this Criminal Code to deal with a situation such as that existing at this time in North Korea. Leaving aside paragraphs (a) and (b) we find that section 46 (1) (c) states that everyone commits treason who, in Canada—

(c) assists an enemy at war with Canada, or any armed forces against whom Canadian forces are engaged in hostilities whether or not a state of war exists between Canada and the country whose forces they are;

Words of that kind could have been used to amend the Canada Shipping Act to meet the situation dealt with by this order in council passed under the Emergency Powers Act.

Then already we have a provision in the Canada Shipping Act to meet a similar situation. I would refer hon. members to the amendments to that act passed in 1938. At that time a section numbered 703A was added. This section is described in the sidenote as follows, "prohibition of shipment of articles of war to countries in a state of war." This of course was before the second world war had broken out. We were meeting the problem of the shipping of munitions to potential enemies, and this section was inserted in the Canada Shipping Act at that time.

I make reference to it because I submit that this problem could have been dealt with in the same way by a new section or sections in the Canada Shipping Act. I am not suggesting, of course, that exactly the same wording would have been used. This section 703A provided:

(1) No article to which this section applies shall be discharged at any port or place in any territory designated by the governor in council for the purposes of this section or within the territorial waters adjacent to such territory from a ship registered in Canada, and no such article shall be transshipped on the high seas from any such ship into any vessel bound for any such port or place, and no such article consigned to or destined for any such port or place shall be taken on board or carried in any such ship.

Then the section went on to give the governor in council—that is, the cabinet—the power from time to time to—

(a) designate any territory or territories in which there is a state of war or armed conflict, civil or otherwise, in respect of which the provisions of this section shall apply;

(b) prescribe the time or times during which such provisions shall so apply;

(c) exempt in the case of any territory so designated any article or class or articles referred to in the next following subsection—

Which makes reference to munitions of war.

—from the application of the provisions of this section;

(d) provide otherwise for the carrying out of the intent of this section.

Then subsection 3 of section 703A describes the articles to which the section shall apply, and states that they shall include—

—arms, ammunition, implements or munitions of war, military, naval or air stores, or any articles deemed capable of being converted thereinto or made useful in the production thereof, or provisions or any sort of victual which may be used as food by man or beast.

There are other subsections of this section which were written into the Canada Shipping Act in 1938.

[Mr. Green.]

Mr. Howe: In other words, we did the right thing in the wrong way; we used the wrong act.

Mr. Green: The Minister of Trade and Commerce says they did the right thing in the wrong way. What has happened is that this government have become so drunk with power that they do not take the trouble to draw up an amendment; they simply come to the floor of the house and throw on the table an order in council passed under the Emergency Powers Act and expect members of the House of Commons and the Canadian people to swallow it.

The actual offence is made much worse in that yesterday morning amendments to the Canada Shipping Act were actually being considered. Instead of dealing with them, the Minister of Transport (Mr. Chevrier) walked out of the house and left his parliamentary assistant to conduct the bill through the house. Another bill amending the Radio Act was treated in the same way and conducted through by the parliamentary assistant. After both bills had been passed the Minister of Transport walked into the house and asked for unanimous consent to revert to motions in order to table this order in council which should have been brought in as an amendment to the Canada Shipping Act, debated and passed in the normal way.

I submit that in this case the government has deliberately by-passed parliament. This sort of high-handed treatment must be stopped. It is time we in Canada knew whether we are to have a free parliament any longer. I move, seconded by the hon. member for Lake Centre (Mr. Diefenbaker):

That all the words after "that" to the end of the question be deleted and the following substituted therefor:

"This house, whilst in accord with a policy of imposing strict limitations and conditions on Canadian ships and cargoes and passengers carried thereon to mainland China or North Korea or within the territorial waters of these countries, desires to record its opinion that the action of the government in proceeding by order in council under the Emergency Powers Act while the house is in session was a violation of the rights of parliament and that any powers necessary to implement such a policy should have been provided by an amendment to the Canada Shipping Act."

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, in the absence of the Minister of Transport (Mr. Chevrier) I should like to make a few comments about the remarks of the hon. member who has just spoken. He states that he agrees that the evil that has grown up and been recognized by all NATO countries should be stopped, but his thesis is that we should have amended the Canada Shipping Act instead

of using the act which was passed specifically by this house to give the governor in council authority to deal with all matters affecting the cold war.

Mr. Fleming: Stand-by legislation.

Mr. Howe: Keep quiet, my young friend, will you please. You can make your speech later. The hon. member states that a bill should have been introduced here, passed on to the Senate and sent down the path that any amendment to an existing act must travel. This action to prevent the movement of contraband was not taken by Canada primarily; it was taken by agreement among the NATO countries.

The first action was taken by the United States. Did they pass an act of congress? Not at all; it was done by executive action. The next government to proceed was Great Britain. Was their action taken by means of an act passed through the British parliament? Not at all; it was done by order in council, as we have done it. I cannot be sure of this, but my recollection is that council was told that the order in council passed by the Canadian governor in council was exactly the same as that passed by Britain. Executive action was taken by Greece to stop Greek ships taking part in this trade. As far as I know every NATO country has taken or is in process of taking similar action, in every case by executive action.

This house has given this government a mandate to carry out its responsibilities as one of the NATO countries with forces in Korea. We passed specific legislation authorizing the government to send troops to Korea, to send ships to Korea, to send aircraft to Korea; yet we are told that the endorsement given by the house for that purpose is not broad enough to stop contraband being carried into Korea by Canadian ships. Could anything be more nonsensical than this picayune idea that if we want to stop contraband we cannot do it by executive action? We can send troops to Korea, we can send ships to Korea by executive action; but contraband, no. The contraband must be allowed to continue until the usual processes of this parliament are carried out. If any serious result occurs that is just too bad, but it cannot be helped as the opposition has said, "Let it go until we can put a bill through the house."

My hon. friend has read from the Canada Shipping Act. Are those provisions that require action by the House of Commons? Not at all; they are provisions that require action by the governor in council. We could have passed an order in council under the Canada Shipping Act as the law provides, except for one thing—there has been no declaration of war against either Korea or red China.

We used the Emergency Powers Act because if there ever was a purpose for which the Emergency Powers Act was appropriate, it was meeting a situation that is causing damage to our efforts in Korea. We were told some time ago that there was a growing trade in war materials into red China and something had to be done about it. It is customary when something has to be done in a matter of this kind to do it and not talk about it. My hon. friend is using the Conservative line that has been repeated to us over and over again—you did the right thing, but you did it in the wrong way. How often have we heard that in this parliament. I venture to say it is 50 times.

Here it is again. If my hon. friend gets any comfort out of saying that we did the right thing but in the wrong way, and that is exactly what his amendment says, he is welcome to that comforting statement. We did it in the way every British country is doing it; we did it in the way every other country is doing it—by executive action. If we have overstepped our powers, I make no apology for having done so.

I say we did the right thing in the right way. We did it without too much debate about it, and it is done promptly. Canadian ships will no longer take any part in that trade, although I am happy to say that of the list of ships I saw that had been active in the trade, no Canadian ship was involved.

Mr. J. G. Diefenbaker (Lake Centre): Mr. Speaker, I am sure the house listened with interest to the remarks of the Minister of Trade and Commerce (Mr. Howe) and in particular when he said that in this case the government had done the right thing in the wrong way. There is only one right way—

Some hon. Members: He did not say that.

Mr. Howe: I quoted the opposition when I said that.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: The way some of these people applaud, Mr. Speaker, one would almost think it was with the spontaneity of trained seals.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: Mr. Speaker, there is only one right way when parliament is sitting, and that is through parliament. The minister speaks about contraband in the China seas. If the movement of contraband were to have been stopped, as it should have been, he and his government would not have been losing $12 million on the Ming Sung Cana-

dian ships trading in the China seas. Certainly when the minister terminated his remarks and said he was pleased to be able to report there were no Canadian ships in the list, it would have been interesting to ascertain whether or not this company, the Ming Sung company, guaranteed by the Dominion of Canada, was not one of those whose ships were engaged in this illicit traffic as the result of the assistance given by the government of Canada.

Now, having said that, Mr. Speaker, I mention the emergency powers just for the purpose of saying one thing. When the emergency powers legislation was before parliament we were told repeatedly that its purpose was as stand-by legislation, in case an emergency might arise after parliament was dissolved and before the election took place. This is no emergency that has arisen within the last few hours. What is taking place in China has been going on for a year and a half. We were able to point out the situation over a year and a half ago when the Ming Sung ships, under an order in council, were flying the Canadian ensign and were permitted to have Chinese crews. They were actually engaged in illicit operations at that time. Why did the government not act then? No, Mr. Speaker, this is not a case of saying that you did the right thing in the wrong way. It is the wrong thing when parliament is sitting to proceed as the result—

Mr. Howe: Huh.

Mr. Diefenbaker: My hon. friend says "huh", and the other day it was "nuts". That is my hon. friend's attitude towards parliament. All he says about parliament is that it should not be able to discuss this. A few moments ago he said that parliament would talk about it, but they acted.

In connection with the emergency powers I mention that a question has been asked several times in this house as to whether or not that act is to be used after dissolution in order to reduce taxation, as was the case in 1945. Indeed, in the last few days it has been stated, with a degree of authority that cannot be disdainfully regarded, that this act is to be used after dissolution for the purpose of bringing in a form of health insurance and hospitalization in order to get votes. The Minister of Justice said that the emergency was the election.

The emergency legislation now being used was not necessary in the present instance. Amendments have gone through parliament within the last few days. The amendments to the shipping act did not take hours or days, but took a matter of minutes. This legislation would have been passed. We in the opposition have never stood against any legislation necessary in order to preserve or protect. If the legislation had been submitted to parliament, with the explanation that it was needed, it would have been passed.

Mr. Howe: Tell the British how to pass these things.

Mr. Diefenbaker: As a matter of fact I am not sure the minister is right. I have heard him make statements in the house before as to what the United Kingdom government did. As a matter of fact, he is telling us this on this occasion because there is no one who can answer him. But I can say this. The United Kingdom government has not closed down parliament the way this government has endeavoured to do on so many occasions in recent years. Parliament operates there, and members supporting the government have an independence that has never been shown by any member supporting this government. They take their stand on behalf of freedom and the maintenance of parliament. They stand up one after the other, under the direction of no minister of the crown.

Mr. McCann: Oh, bosh; that is crazy talk.

Mr. Fournier (Hull): How does the opposition stand up?

Mr. Blue: We will give you a job any time; you are a showman.

Mr. Diefenbaker: I have never known my hon. friends to be in a state of annoyance unless some of them were being hurt. I simply conclude by saying that this is another example of the type of pretence that is so often used by this government in order to secure emergency powers. A few days ago minister after minister stood up—at least the Minister of Justice (Mr. Garson) and the Prime Minister (Mr. St. Laurent)—to state that the emergency was the purpose and the reason, and the power would only be used as a stand-by. This matter could have been brought before parliament, and the only reason it was not is the contemptuous attitude of the right hon. gentleman who says, "After all, this achieves the result, parliament or no parliament."

That is contempt of parliament. It is another example of the attitude taken by a government too long in power, too thirsty for absolute executive power, and too willing to deny parliament its right.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, I am going to support the amendment which has been proposed by the hon. member for Vancouver-Quadra (Mr. Green).

The minister says that the right thing was done in the wrong way.

Mr. Fournier (Hull): We did not say that.

Mr. Coldwell: I say the right thing may have been done in the wrong way when I look at the record and see the statement made by the Minister of Transport (Mr. Chevrier) when he tabled this order in council yesterday. At page 4089 of *Hansard* for April 20, 1953, the minister is reported as follows:

> This order is being passed pursuant to discussions which took place between the British and the Americans in Washington following the visit here of the Right Hon. Mr. Eden, and after those discussions the hope was expressed that we in Canada would pass a similar order in council.

Those are the words of the Minister of Transport. When was the Right Hon. Anthony Eden in Canada? It must have been six weeks ago, and certainly more than a month ago. All this time the government knew that it was committed to take this action. When parliament was in session, why was it not done by parliament? I am one of those who believe that when parliament is in session, parliament should pass upon legislation. This is legislation.

When the emergency powers bill was before us a short time ago, one of our thoughts was that the government wanted to use it merely as a convenient way—

Some hon. Members: Hear, hear.

Mr. Coldwell: —to do something without having to come before parliament and explain. I do not like that way of passing legislation, because this is legislation. It is legislation with exactly the same effect as if we had passed it through this house. It is very far-reaching, and I think that the house should have been given an opportunity of discussing the matter very thoroughly and the government should have asked the house to approve this legislation.

Mr. Howe: May I point out to my hon. friend that he can move a motion in this house to have this order in council repealed. That is one of the provisions of the Emergency Powers Act.

Mr. Coldwell: We can move to have the order in council repealed, but I do not want to see it repealed.

Mr. Howe: The right thing in the wrong way.

Mr. Coldwell: I agree with the minister that it is the right thing to do provided it is done in the right way. I have very great respect for my right hon. friend the Minister of Trade and Commerce.

An hon. Member: So have we all.

Mr. Coldwell: I know the Minister of Trade and Commerce (Mr. Howe) does get things done, but I am afraid he has developed the habit of getting them done without consulting parliament.

Mr. Prudham: You do not have to be afraid of him at all.

Mr. Howe: This is not my order in council.

Mr. Coldwell: The Minister of Trade and Commerce defended the order in council I thought pretty warmly, so warmly that perhaps he felt there was some justification in the criticism that has been levelled against the government in this regard. I feel that when a far-reaching order in council of this description is being considered, when parliament is in session, it is parliament that should pass the legislation. It should not be passed as an order in council by the government. It is aggravated by the fact that the Canada Shipping Act was before the house at the very time this order in council which deals with shipping was tabled in the house. As I say, there was lots of time to do this because Mr. Eden was here at least six weeks ago.

Mr. Howe: This does not refer to Mr. Eden's visit to Canada; it refers to his conference in Washington which took place less than six weeks ago.

Mr. Coldwell: The Emergency Powers Act was passed, and then this was passed under the Emergency Powers Act. It is true that parliament granted to the government the right to pass orders in council; but the debate in this house when we were discussing the Emergency Powers Act clearly indicated that this house, generally speaking, did not approve of the passing of important orders in council when this house was in session.

Some hon. Members: Hear, hear.

Mr. Coldwell: I think that to a large degree the minister's own supporters feel that way, and I am going to support the amendment because I believe it is a well deserved censure of the government for doing something by order in council that should have been done by legislation.

Mr. Solon E. Low (Peace River): Mr. Speaker, I do not want to take up very much time on this, and most of the things that could be said have been well said. During the time the Emergency Powers Act was before the house the big objection by all on this side of the house was that the government was able to use it in a manner similar to the way they are using it now. For the government to make use of the terms of the Emergency Powers Act to put through legis-

lation of this kind constitutes an unfair overruling of the powers of parliament.

For those reasons, Mr. Speaker, I am going to support the amendment.

Some hon. Members: Question.

Mr. Deputy Speaker: Are hon. members ready for the question?

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

Mr. Howe: No, Mr. Speaker. Put the question?

Mr. Deputy Speaker: The hon. member for Eglinton (Mr. Fleming) has moved the adjournment of the debate.

Mr. Howe: Put the question, Mr. Speaker.

Mr. Fleming: Mr. Speaker, I have some observations to offer on this amendment.

Mr. Howe: You have made your motion.

Mr. Deputy Speaker: The hon. member has moved the adjournment of the debate. He must withdraw that motion if he wishes to carry on.

Mr. McCann: He cannot withdraw it.

The house divided on the motion (Mr. Fleming) which was negatived on the following division:

YEAS

Messrs:

Adamson	Herridge
Argue	Higgins
Blackmore	Johnston
Brooks	Jones
Browne (St. John's West)	Knowles
Bryce	Low
Casselman	McGregor
Charlton	McLure
Churchill	Montgomery
Coldwell	Nickle
Courtemanche	Nowlan
Coyle	Pearkes
Fairclough, Mrs.	Poulin
Fleming	Quelch
Fraser	Ross (Souris)
Graydon	Shaw
Green	Stanfield
Hansell	Stewart (Winnipeg North)—38.
Harkness	
Hees	

NAYS

Messrs:

Anderson	Bradette
Applewhaite	Bradley
Ashbourne	Brisson
Balcom	Cameron
Bater	Campney
Beaudoin	Cardin
Blanchette	Carter
Blue	Cleaver
Boisvert	Cloutier
Bonnier	Corry
Boucher	Cote (St. Jean-Iberville-Napierville)
Bourque	
Crestohl	Lefrançois
Cruickshank	Lesage
Darroch	Little
Denis	Macdonald (Edmonton East)
Deslieres	MacKenzie
Dickey	Macnaughton
Dube	McCann
Dumas	McIlraith
Eyre	McLean (Huron-Perth)
Fontaine	McWilliam
Fournier (Hull)	Major
Fulford	Masse
Gardiner	Monette
Garland	Mott
Gauthier (Portneuf)	Mutch
George	Nixon
Gibson	Picard
Gingras	Pouliot
Gingues	Proudfoot
Gour (Russell)	Prudham
Gourd (Chapleau)	Ratelle
Harris	Richard (Ottawa East)
Hellyer	Richard (St. Maurice-Lafleche)
Henderson	Roberge
Hosking	Rousseau
Howe	Schneider
James	Simmons
Jutras	Sinclair
Kickham	Sinnott
Kirk (Antigonish-Guysborough)	Smith (Moose Mountain)
Kirk (Digby-Yarmouth)	Stick
Lafontaine	Tremblay
Langlois (Berthier-Maskinonge)	Valois
Langlois (Gaspe)	Viau
Lapointe	Welbourn
Larson	Whiteside
Leduc	Wood—97.

Mr. Catherwood: I was paired with the hon. member for Kent, Ont. (Mr. Huffman). Had I voted, I would have voted for the motion.

Mr. Nowlan: Since it is now 10.15, Mr. Speaker, I move the adjournment of this debate.

Mr. Howe: No; ten o'clock.

Mr. Speaker: If the hon. member wishes to speak to the motion, then under the rules I would be required to interrupt the debate.

Mr. Nowlan: May we call it ten o'clock?

Mr. Adamson: It is after ten o'clock. Surely this house stands adjourned.

Mr. Graydon: Do we have to pass an order in council to adjourn?

Mr. Fournier (Hull): Do I understand, Mr. Speaker, that the hon. member for Eglinton has made his speech now?

Mr. Casselman: Under the rules, no.

Mr. Speaker: The hon. member for Eglinton has not risen again to speak.

Mr. Fournier (Hull): He is the one who rose to speak on this amendment.

Mr. Speaker: The hon. member for Eglinton has not risen to speak since his motion to adjourn the debate.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): I move the adjournment of the house. Tomorrow we will take up first the resolution of the Minister of Fisheries to approve the halibut fisheries convention between Canada and the United States of America, to provide for the carrying out of the provisions of this convention; then Bill No. 332, respecting the Canadian forces; Bill No. 340, to amend the Canadian Broadcasting Act, 1936. Then we shall continue this motion to go into supply and call an item in finance and legislation, the items to stand, and then proceed with the estimates of trade and commerce, citizenship and immigration, privy council and national health and welfare.

Motion agreed to and the house adjourned at 10.15 p.m.

HOUSE OF COMMONS

Wednesday, April 22, 1953

The house met at eleven o'clock.

QUESTIONS

TRANS-CANADA AIR LINES—ARMED FORCES OFFICERS

Mr. Diefenbaker:

1. How many officers of the armed forces have travelled by Trans-Canada Air Lines between April 1, 1952 and to date?
2. What was the amount paid to the Trans-Canada Air Lines for such transportation?

Mr. Blanchette:

1. 4,676.

2. $629,402.

Taking into account the saving in time, it is more economical for officers to travel by air than by rail.

COLWOOD MAGAZINE, ESQUIMALT HARBOUR, B.C.

Mr. Pearkes:

1. When was the Colwood magazine, on the west side of Esquimalt harbour, British Columbia, constructed?
2. How many acres did this magazine comprise?
3. What was the total cost of construction of the various buildings, ammunition stores and jetties?
4. How much was spent on fencing the area?
5. How much has been spent on the construction and maintenance of roads?
6. To what purpose will the area be put after the magazine has been removed to Rocky Point?
7. Does the government propose to dispose of the area?

Mr. Blanchette:

1. During the period 1937 to 1939.

2. 261·39 acres.

3. In so far as existing records show, the total cost of construction was $413,742.17.

4. Included in the above figure is the cost of erecting a chain and link fence—$15,559.68.

5. Included in the answer to No. 3 above is an item for roadwork at $4,500. Only minor expenditures on road maintenance have been made.

6 and 7. Not yet determined.

ARMED FORCES—PURCHASES OF SUSPENDERS

Mr. Lennard:

What were the total purchases, giving cost, quantities, varieties, and from whom purchased, of suspenders for all branches of the armed forces, during the period from April 1, 1951 to December 31, 1952?

Mr. Dickey:

Name and address of supplier	Commodity description	Quantity	Estimated total cost
			$
Donahue Corp. of Canada Limited, St. Hyacinthe, P.Q.	Braces	175,000	105,000
Donahue Corp. of Canada Limited, St. Hyacinthe, P.Q.	Braces	7,000	3,920
Montreal Suspenders & Umbrellas Limited, Montreal, P.Q.	Braces	2,060	958
Donahue Corp. of Canada Limited, St. Hyacinthe, P.Q.	Combat braces	10,000	5,400
Princeton Suspender & Neckwear Co. Ltd., Toronto, Ont.	Combat braces	10,240	5,530
Donahue Corp. of Canada Limited, St. Hyacinthe, P.Q.	Braces	75,000	45,000
Montreal Suspenders & Umbrellas Limited, Montreal, P.Q.	Braces	28,480	15,931
Montreal Suspenders & Umbrellas Limited, Montreal, P.Q.	Braces	15,500	8,602
Montreal Suspenders & Umbrellas Limited, Montreal, P.Q.	Braces	500	318
Promislow Bros. Ltd., Regina, Saskatchewan	Braces	480	342
TOTAL		324,260	191,001

Questions

CHICOUTIMI, LAPOINTE AND LAC-SAINT-JEAN COUNTIES, QUE.—DEFENCE EXPENDITURES

Mr. Gagnon:

Since January 1, 1945, what amounts have been spent in the counties of (a) Chicoutimi; (b) Lapointe; (c) Lac-Saint-Jean, by the Department of National Defence and the Department of Defence Production?

Mr. Dickey: This question has been discussed with the hon. member, both by myself and by the parliamentary assistant to the Minister of National Defence. The hon. member has agreed to have the question dropped.

Mr. Speaker: Dropped.

NAVIGATION LOCK, CANSO CAUSEWAY

Mr. Fleming:

1. What persons or corporations submitted tenders for the construction of the navigation lock at the northern end of the Canso causeway, and in what respective amounts?

2. Was the sum named by T. C. Gorman (Nova Scotia) Limited, in its tender $4,817,777 a firm fixed over-all price or a sum based on unit prices to be paid for estimated quantities?

Mr. Benidickson:

1. Canit Construction Limited, Montreal, P.Q., $4,608,600; T. C. Gorman (Nova Scotia) Ltd., Halifax, N. S., $4,817,777; Northern Construction Company and J. W. Stewart Ltd., Vancouver, B.C., $5,279,500; Arthur A. Johnson Canada Limited, Toronto, $5,441,725; Atlas Construction Co. Ltd., Montreal, $5,520,875; C. A. Pitts General Contractors, Toronto, $5,611,450; B. Perini and Sons Canada, Ltd., Toronto, and R. K. MacDonald Construction Co., Antigonish, N.S., $5,665,120; the Foundation Company of Canada Ltd., Montreal, $6,135,205; Pentagon Construction Co. Ltd., Montreal, P.Q., $6,518,165.

2. The amount of the T. C. Gorman (Nova Scotia) Ltd., Halifax, tender is based on unit prices to be paid for quantities as estimated by departmental engineers.

NATIONAL DEFENCE—MOTOR CARS, OTTAWA

Mr. Higgins:

1. Are motor cars owned by the Department of National Defence used in Ottawa by persons other than high-ranking officers?

2. Are there civilians in Ottawa who have been authorized or permitted to call upon the Department of National Defence to supply motor cars for their own personal use?

3. Are motor cars and motor vehicles owned by the Department of National Defence used by the staff of Government House at Ottawa?

4. If so, by what authority are such vehicles supplied?

5. For what purpose are the said vehicles required and used?

[Mr. Dickey.]

Mr. Blanchette:

1 and 2. At the request of a senior official, permission may be granted to a departmental employee to use a motor car for the performance of a specific duty when that duty is sufficiently urgent or important to require such transportation.

3, 4 and 5. No service vehicle is attached to Government House, but in accordance with long standing practice a truck is made available on rare occasions such as an official visit when additional transportation for baggage is required. In such cases this is arranged by the director of supplies and transport at army headquarters.

POST OFFICE BUILDING, WINNIPEG

Mr. Sinnott:

1. Are plans and specifications completed for the new post office building in Winnipeg, Manitoba?

2. If not, when are plans and specifications to be completed?

3. What is to be the type of construction?

4. Is Tyndall stone to be used or specified?

5. Have tenders been called for construction?

6. If not, at what date are tenders expected to be called?

Mr. Fournier (Hull):

1. No.

2. Late this year.

3. Structural steel and reinforced concrete floors, brick walls with some stone trim.

4. Specification will call for Canadian limestone.

5. No.

6. Late this year.

QUESTIONS PASSED AS ORDERS FOR RETURNS

PRINTING OF GOVERNMENT CHEQUES

Mr. Poulin:

1. What department is responsible for the printing of cheques on behalf of the various departments, boards, commissions, companies and other official agencies of the federal government?

2. From January 1 to December 31, 1952, how many cheques have been issued on behalf of each of the said departments, boards, commissions, companies and other agencies?

3. How many of the above-mentioned cheques were printed (a) in French only; (b) in English only; (c) in both official languages?

ARMED FORCES—PHOTOGRAPHIC SUPPLIES

Mr. Knowles:

1. Is it the policy of the federal government to purchase photographic equipment and supplies for the use of the armed services on a centralized or a decentralized basis?

2. Are tenders called for in respect of such purchases?

3. What companies supplied photographic equipment and supplies in 1951 for the use of the Department of National Defence, and to what amount in the case of each such company, in that year?

INDIAN RESERVATIONS, SASKATCHEWAN—LEASES OF LAND

Mr. Coldwell:

1. Have any persons leased land from each of the following reservations in Saskatchewan, since 1945:
(a) Duck Lake—109: Beardy's 96, Duck Lake; One Arrow's 95, Duck Lake; Okemasis 97, Duck Lake.
(b) File Hills-Qu'Appelle—114: Little Black Bear 84, Balcarres; Ikanese 82, Balcarres; Starblanket 83, Balcarres; Peepeekisis 81, Lorlie; Muscowpetung 80, Cupar; Piapot 75, Cupar; Assiniboine 76, Sintaluta; Pasqua 79, Muscow; Standing Buffalo 78, Muscow.
(c) Crooked Lake—108: White Bear 70, Carlyle; Cowessess 73, Broadview; Sakimay 74, Broadview; Shesheep 74A, Broadview; Kahkewistahaw 72, Grenfell; Ochapowace 71, Grenfell.
2. If so, what are the names of such persons?
3. How much acreage was leased during this period to each person?
4. What were the terms of the lease in the case of each person?

Mr. Harris: Return tabled.

TRANSFER OF WHARVES, NEWFOUNDLAND

Mr. Higgins:

1. Have wharves in Newfoundland been transferred by the Department of Public Works to the Department of Transport?
2. If so, how many such wharves have been transferred and where are they located?
3. Is it proposed to transfer other wharves in Newfoundland to the Department of Transport?
4. If so, how many and where are the present locations of same?
5. Is it proposed to turn over the wharf at Portugal Cove to the Department of Transport?

DESIGN CRAFT LIMITED, TORONTO

Mr. Fleming:

1. Was a contract awarded to Design Craft Limited, of Toronto, for the dismantling of a booth and new construction at the Canadian international trade fair?
2. If so, what were the date, nature, terms and price of the said contract?
3. Were tenders called for the contractual work and, if so, how were they advertised?
4. If tenders were called, who submitted tenders and in what amounts?
5. What specific work was done under the contract?
6. What was paid for such work?
7. Were any used materials salvaged from the previous structure, and how were they disposed of? If they were sold, who purchased them, and what was the price paid for them, and who received credit for this price?

PROVINCIAL LABOUR STANDARDS

Mr. Knowles:

1. Has the federal Department of Labour a memorandum or document of recent date giving information as to provincial labour standards in Canada, including (a) statutory school-leaving ages; (b) minimum ages for employment; (c) maximum hours of work; (d) minimum rates of pay; (e) fair rates of pay; (f) workmen's compensation provisions, etc.?
2. If so, what are the details of the information contained in any such memorandum or document?

Mr. Cote (Verdun-La Salle): Return tabled.

MOTIONS FOR PAPERS

REDUCTION OF AUTOMOBILE INSURANCE COMMISSION RATES

Mr. Diefenbaker:

For a copy of all letters and telegrams, since the first day of January, 1953, that have passed between members of the association of insurance agents for the province of Ontario, or individual agents or persons, and the Department of Justice and/or the combines investigation branch, and replies thereto, with reference to complaints regarding the action of the board and non-board automobile insurance companies, in reducing by a uniform percentage the rates of commission paid by such companies to local agents.

HIGHWAYS, ALBERTA—FEDERAL CONTRIBUTION

Mr. Macdonald (Edmonton East):

For a copy of all correspondence, telegrams and other documents, exchanged between the federal government and the premier of the province of Alberta, or any member of the Alberta government, since January 1, 1953, relating to federal contribution to the building of highways.

Mr. St. Laurent: Mr. Speaker, there is no objection to this motion, provided there is the usual reservation, that the consent of the government of Alberta will be requested.

Mr. Speaker: Agreed, in conformity with the statement of the Prime Minister.

HARVEY LUNAM

Mr. Diefenbaker:

For a copy of all letters, telegrams or other correspondence, since the first day of February, 1952 and to date, which have passed between the Department of Public Works and representatives of any department of the federal government in the city of Regina or elsewhere in the province of Saskatchewan, and the replies thereto, in connection with efforts to locate Mr. Harvey Lunam of the Lunam Construction Company Limited.

Mr. Fournier (Hull): Mr. Speaker, I would ask that this motion stand for today. I saw it only this morning, and I should like to look at it.

Mr. Speaker: Stands.

Mr. Graydon: You may be able to locate him in the meantime.

CONSTRUCTION

REFERENCE TO ANNOUNCEMENT OF PARLIAMENTARY ASSISTANT TO MINISTER OF FINANCE TO REFORM CLUB, QUEBEC

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to ask a question of the Prime Minister. Is he now in a position to answer the question I asked him on Monday, as to whether there is any government white paper outlining plans for housing, public works and other developmental projects? If so, will the document be tabled?

Right Hon. L. S. St. Laurent (Prime Minister): There is no such white paper.

THE CORONATION

SUGGESTED REPRESENTATION OF CANADIAN INDIANS

On the orders of the day:

Mr. George H. Hees (Broadview): I should like to ask a question of the Prime Minister. Has the government decided to send a representative of the Canadian Indian race to the coronation?

Right Hon. L. S. St. Laurent (Prime Minister): No, the government has not so decided.

GRAIN

INQUIRY AS TO REPORT OF BOARD OF GRAIN COMMISSIONERS

On the orders of the day:

Mr. P. E. Wright (Melfort): Mr. Speaker, I should like to ask a question of the Minister of Trade and Commerce. Would he give the house information as to when we may expect the tabling of the annual report of the board of grain commissioners?

Right Hon. C. D. Howe (Minister of Trade and Commerce): The annual report of the board of grain commissioners is still in the hands of the queen's printer. We have been pressing the queen's printer for some time to furnish it. Thus far, this has not been done. I shall see that another message is sent to him today, to hurry it up.

FISHERIES

CONVENTION FOR PRESERVATION OF HALIBUT FISHERY OF NORTH PACIFIC OCEAN AND BERING SEA

Hon. James Sinclair (Minister of Fisheries) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to approve and confirm the convention between Canada and the United States of America for the preservation of the halibut fishery of the northern Pacific ocean and Bering sea, signed by Canada and the United States of America in Ottawa, on the 2nd of March, 1953, and to provide for the carrying out of the provisions thereof.

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

Mr. Sinclair: Mr. Chairman, the house has already been informed of the purpose of the convention. That information was given in a statement made earlier at this session, on the day the convention was signed.

[Mr. Knowles.]

The purpose of this resolution is to secure parliamentary approval for a revised convention for the preservation of halibut in the northern Pacific ocean and the Bering sea. There are four changes in the new convention, the first of which is in respect of the actual name of the treaty.

When the treaty was first signed in 1923 it was known as the international fisheries treaty. It was the only international fisheries treaty at that time. Since then there has been a series of international treaties signed by Canada for the preservation of fisheries on our coasts and the costs of other countries. It has been thought that we must now be more specific in our designation of this commission, and the commission will henceforth be known as the international Pacific halibut commission.

The second change is made at the request of the Americans. In the United States the control of fisheries rests principally with the states rather than with the federal government. In the past, as their representatives, the Americans have had as their two commissioners one representative of the federal government and one of the state of Washington. The Americans would now like to give representation to the territory of Alaska, and have asked that the number of commissioners for each country be extended to three, so that they may make that provision.

The third change will give authority to the commission to establish more than one season for the catching of halibut. At the present time the scientists of the commission set the total catch to be made each year, and when that catch has been made the season is ended. Actually it now takes less than two months of fishing on the halibut banks off the Queen Charlotte islands to catch the quota which last year I think was 62 million pounds.

The scientists feel that instead of having just one open season it might be better to have two or perhaps even three at different times of the year in order to exploit fully the different banks. The industry is interested in this because it will mean that instead of having one catch which would have to be held in cold storage for ten months, the fish will remain in the sea and two or three open seasons will allow the fish to be caught at more regular intervals.

The last change is a very minor one. While fishing on the halibut banks themselves is controlled, halibut can be caught on the west coast in other areas incidental to fishing for cod or sole or other ground fish. We have had regulations to control the disposal of such halibut when caught

during the closed season, but there have been no regulations to control halibut caught incidental to other fishing during the open halibut season. The new convention makes provision for that.

When the bill is given second reading it is proposed to refer it to the standing committee on marine and fisheries.

Mr. Pearkes: Mr. Chairman, we are indebted to the minister for giving us a brief review of the changes being made in connection with the international fisheries commission which is now to be called the international Pacific halibut commission. The international fisheries commission has been giving general satisfaction during the time it has been in operation, which is some 30 years. There have been one or two minor changes made since the commission was started in 1923, but the major changes now being suggested are the result of considerable discussion which has taken place on the Pacific coast as to the advisability of introducing further revisions to the original treaty.

The reason for the change in the name is quite obvious. I understand that all the powers of the original commission are contained in the present convention.

I should like to examine briefly one of the major changes which are being made, namely, the splitting of the halibut season. As I said previously, discussions have been taking place which resulted in its being considered advisable to split the season. I think it has been the desire of the smaller fishing companies and the individual fishermen that such a change should be authorized. It would enable the owner of a small fishing vessel to catch halibut during the halibut season and then be able to catch other species of fish during the closed season for halibut. As the seasons for different species sometimes overlap, it is desirable to have this split season so that the fishermen may go out and for part of the time catch halibut and then perhaps catch salmon, and then later on in the year, during the second or third portions of the season, catch halibut again. That would seem to be advantageous, particularly to the smaller fishing concerns.

I understand that it has not been possible until now to authorize a split season because the scientists have been doubtful whether it would be in the best interests of conservation to increase the quota of the halibut catch. I understand from the minister's statement that the scientists have agreed to the splitting of the season, and may even be prepared to recommend an increased quota.

I should like to ask whether this split season will enable the quota of halibut to be increased. I understand at present it is in the neighbourhood of 55 or 56 million pounds each year. Possibly a decision has not yet been reached as to whether the quota can be increased, but my understanding is that the scientists believe that by splitting the season it will be possible, perhaps in the near future, to increase the quota without affecting the yield in future years. I hope the minister will be able to say something with regard to this.

The number of representatives on the commission has been increased and I understand that Canada is now to have three members, the same as the United States. I presume they will be appointed by this government and not by the province, in the same way that the members of the United States group are to be appointed, one from Alaska and one from the other states. Perhaps it will be possible for the minister to give the committee the names of the representatives. I notice that the treaty fixed the salaries to be paid and perhaps the minister could say a word on that.

My understanding is that the clause dealing with incidental catches merely extends the regulations, which are now applicable during the season when halibut cannot be caught, to the period when halibut can be caught.

I think these are all the points that I have to make in connection with this new convention. My understanding is that it is acceptable to the industry and to those officials who are responsible for the conservation of fish.

Mr. MacInnis: Mr. Chairman, there is very little that needs to be said on this resolution as it is merely renewing the agreement between Canada and the United States, an agreement which has worked well in the past. The changes in the new agreement seem to have been indicated by the developments during the past few years in the halibut industry.

These agreements are arrived at after careful study by representatives of Canada and the United States who are interested in conserving the halibut fishing industry and getting the best out of it, for both countries. The renewal of the agreement has my approval, if that is worth anything.

Mr. Fulton: I could not hear the minister's statement very well because of people moving around, and so on, in the house. I should like to ask whether this convention, which is between Canada and the United States alone, is going to be affected by any action

which the Russians may or may not take, and whether or not we are in a position where we are compelled to and should consider the propriety of trying to negotiate with Russia with respect to the preservation of this fishery. I notice that the resolution refers to the halibut fishery of the northern Pacific ocean and Bering sea. Would the minister say a word about the relationship of the Russians to this problem?

Mr. Sinclair: Mr. Chairman, before I answer the points raised may I first of all express my appreciation of the manner in which the convention has been received. The proof of the pudding is in the eating, of course, and the thirty years of international halibut control have been a wonderful thing for the industry on the west coast. The hon. member for Nanaimo asked whether split seasons would result in a quota increase. The bill does not say that there are to be split seasons. The bill will make provision to give the commission authority, if the scientists so recommend, to have split seasons. What will probably happen will be that the next season will be split and the scientists will watch the results.

The scientists do feel that there are some banks on which halibut are not mature at the time of the open season on the main banks. If the fishing could be conducted later on these banks it would be possible to have a larger catch, but that will be a matter to be determined by scientific control. Certainly the quota will not be less because of the split season. He mentioned the fact that this convention has resulted in a very happy relationship both between ourselves and the Americans, and within the industry between fishermen, operators and the scientists of the international halibut commission.

The representatives for Canada are appointed by the federal government. At the moment we have just two and the Americans have just two under the existing convention. Our two representatives are the assistant deputy minister, Mr. George Clark, who is a product of the west coast and who was in the halibut fishery for many years, and a representative of the fishermen and industry, Mr. George Nickerson of Prince Rupert. When the commission is expanded to three we would hope to be able to have a representative of the fishermen and a representative of the processors instead of just a single representative for these groups. The commissioners get no payment. They get their expenses but no payment even on a per diem basis. That is also true of the other fisheries commissions.

[Mr. Fulton.]

That situation does not raise a problem as far as the government representative is concerned, nor does it raise too great a problem as far as the representative of the industry is concerned, but it does present a problem with respect to the fishermen's representative who has to take time off from his job of fishing in order to sit on these commissions. Both we and the Americans are now reviewing the position with respect to some sort of payment for attendance at the meetings.

A question was asked by the hon. member for Kamloops as to the effect on our relationships with the Russians in the north Pacific. This treaty actually has covered the waters of the north Pacific from San Diego up the American coast, up the British Columbia coast, up the Alaskan Panhandle and around into the United States half of the Bering sea. At the moment there is nothing to prohibit the Russians, or for that matter the people of any other maritime nation, from sending their ships into the deep sea offshore waters of that area to fish for halibut. The first real step forward in that regard is the new convention which was passed by the house a little earlier in this session, the Canadian-United States-Japanese treaty for the control of the fisheries in the north Pacific, under which each of these nations agrees to abstain from fishing offshore in the other nations' areas for those stocks which are under scientific study, which are under proper protection and control, and which are being fully exploited.

On our side of the Pacific that includes today the salmon, the halibut and the herring. So far as the Russians are concerned, at the moment they are not competitors at all in fishing in the north Pacific. It is the Japanese of course who are the great fishers on the east side of the Pacific. This convention is one of the treaties which will be respected under the new Canadian-United States-Japanese convention. We have the halibut under full scientific study, full conservation and control, and we are fully exploiting the fisheries.

Resolution reported, read the second time and concurred in.

Mr. Sinclair thereupon moved for leave to introduce Bill No. 341, to implement a convention between Canada and the United States for the preservation of the halibut fishery.

Motion agreed to and bill read the first time.

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

Mr. Sinclair: I wonder if we could have second reading now and refer the bill to the standing committee on marine and fisheries?

Mr. Deputy Speaker: By leave. Is it agreed?

Some hon. Members: Agreed.

Mr. Sinclair moved the second reading of Bill No. 341, to implement a convention between Canada and the United States for the preservation of the halibut fishery.

Mr. E. T. Applewhaite (Skeena): Mr. Speaker, I have no intention of holding up second reading of the bill but I would be remiss in my duty if I were to allow second reading to pass without expressing to the government the great satisfaction which will be felt by the halibut fishermen of the Pacific coast that the treaty has been amended in the form that it has. It would be too much to expect any hon. member other than myself to remember that I spoke at some length on this subject on the 28th of June, 1950, at which time I urged upon the government revision of the treaty to make provision for split seasons, giving reasons therefor, and also giving the consensus of opinion of the fishermen of the Pacific coast. They will welcome this most heartily.

I should also like to say that the provision enabling the United States to appoint a commissioner representing Alaska is one which meets with the wholehearted approval and support of the fishermen of the Pacific coast. Canada, as the minister has said, will now appoint an additional commissioner. Without implying any criticism whatever of those already appointed, I would urge in the strongest manner possible that the third commissioner should be one with a practical knowledge and appreciation of the problems of halibut fishing from the point of view of the men who actually go out and catch the fish. I can assure the minister that the convention in its present form will have the wholehearted support of those who catch halibut on the Pacific coast.

Motion agreed to, bill read the second time and referred to the standing committee on marine and fisheries.

CANADIAN FORCES ACT

AMENDMENTS TO NATIONAL DEFENCE ACT, DEFENCE SERVICES PENSION ACT AND CANADIAN FORCES VOTING REGULATIONS

The house resumed consideration in committee of Bill No. 332, to amend the Canadian Forces Act—Mr. Claxton—Mr. Beaudoin in the chair.

On section 4—*Ordinary residence of members of regular forces.*

The Chairman: When this bill was under consideration before we were dealing with clause 4, Canadian forces voting regulations.

Mr. Campney: Mr. Chairman, just before the house rose on Monday evening, while we were considering clause 4 of this bill, the hon. member for Annapolis-Kings was good enough to refer to my colleague the Minister of Citizenship and Immigration and myself in very kindly words. The hon. member for Greenwood went a step further and included the hon. member for Annapolis-Kings himself in the kindly references. He further made the beneficent suggestion that if the Minister of Citizenship and Immigration, the hon. member for Annapolis-Kings and I would confer we might be able to clear up the little difficulty which seemed to be developing about clause 4. That advice was acted upon. As a result, I would like now to propose three amendments to clause 4 which I hope will commend themselves to all hon. members of the house.

One of the points discussed when we were considering clause 4 was the provision for an extension of the period within which those persons who were members of the forces as of June 21, 1952, might elect as their place of residence for purposes of having their votes recorded. As the house will remember, that period expired on September 21, 1952. We have since found that approximately 20,000 personnel had not at that date made their election. The amendment proposed in clause 4 is to the effect that these "delinquents" should have until dissolution of parliament to make their election. There was some suggestion the other evening that there ought to be a fixed time limit as an alternative to the date of dissolution. The amendment which I will ask one of my colleagues to move will provide that persons in the class I have mentioned will have two months from the date that this amending bill is assented to to make their election or until dissolution, whichever shall occur first.

In considering the voting regulations governing members of the forces, paragraph 27, of the Canadian forces voting regulations, which the house will remember is a schedule to the elections act, provides that as soon as possible after the publication of the notice in daily orders on form 5 setting out that the house has been dissolved, the date of the election and other details which I do not think I need to give the house, the commanding officer shall prepare a list of names. There was some feeling among members that the words "as soon as possible"

with which the clause begins were perhaps too indefinite and it was therefore suggested that there be a definite time specified rather than a nebulous period. I will therefore ask that paragraph 27 be amended by deleting "as soon as possible" and substituting for those words the words "within two weeks".

The third amendment is a consequential one which provides for renumbering of the subclauses of clause 4. If the house permits I would like to have my colleague move three amendments to clause 4 to give effect to what I have briefly stated.

Mr. Fournier (Hull): I so move.

The Chairman: Mr. Fournier (Hull) moves:

That clause 4 be amended by deleting lines 7, 8 and 9 and substituting therefor the following:

"(2) Before the dissolution of the twenty-first parliament or before the expiration of two months from the day on which the Canadian Forces Act, 1953, was assented to, whichever is the earlier, every member of the regular forces who was such a member on the twenty-first day of June, 1952, shall" and also

That clause 4 be further amended by inserting after sub-clause (2) the following sub-clause:

"(3) Paragraph 27 of the said regulations is repealed and the following substituted therefor:

'27. Within two weeks after the publication of a notice in daily orders, in form No. 5, each commanding officer shall, through the liaison officer, furnish to the special returning officer for the appropriate voting territory, a list of the names, ranks, numbers and places of ordinary residence, as prescribed in paragraph 23, of Canadian forces electors attached to his unit; the commanding officer shall also furnish to the deputy returning officer a copy of such list for the taking of the votes of the Canadian forces electors attached to his unit; at any reasonable time during an election, such list and the statements referred to in paragraph 23 shall be open to inspection by any officially nominated candidate or his accredited representative, and such persons shall be permitted to make extracts therefrom.' "

and also

That sub-clauses (3), (4) and (5) be renumbered as (4), (5) and (6) respectively.

I presume that there is an amendment for the corresponding section in part II?

Mr. Campney: Yes.

Mr. Nowlan: Mr. Chairman, I am sure that the kindly words which I directed the other night towards the Associate Minister of National Defence and the Minister of Citizenship and Immigration were justified by the results which have accrued. I am not sure whether the suggestion of the hon. member for Greenwood added to that situation, but at least the three working together yesterday I think accomplished in this matter something which is a distinct improvement over what we had in the committee the night before last.

I still think that it was unfortunate that the situation had to arise regarding these amendments. I think they are an improvement upon that which was originally brought in but the situation is still not as good as it would have been if the report of the elections committee last year had been acted upon and the necessary steps taken at that time. However, as that was not done, we were faced with an unfortunate situation. I know that yesterday both ministers tried to meet the views which were expressed and in the end the amendments which are brought before the committee this morning, although not the most satisfactory in the world, are a definite improvement, and I am sure since it was necessary to have them they will contribute towards the working of the regulations.

I might say that in our discussions yesterday we all thought of other amendments which perhaps could have been made and which would have improved the regulations. I am sure that in some future time after we have had the experience of trying these amendments they will be subject to review. When that does take place, whatever committee is operating at that time should try to re-establish the principle which was established last year.

The Chairman: Shall the amendments carry?

Mr. Harkness: I am not quite clear on the purport of the second amendment as far as the lists are concerned. As I understand the matter, the commanding officer of each unit will have a list prepared and I think the amendment provides that it will be sent to the deputy returning officer. Does that mean that the list which is prepared by the commanding officer might very readily contain the names of men who are going to vote in a hundred or more different constituencies? Does it mean that the names of men who are going to vote in each particular constituency are to be sent to the deputy returning officer of that constituency—or is there just this one list which contains the names of people voting in a large number of constituencies and which will be in the unit office and available for inspection?

Mr. Campney: Mr. Chairman, I am not familiar with the exact routine that is followed. It must be in accordance with what is set out in the regulations and paragraph 27 thereof provides that each commanding officer after publication of this order shall, through the liaison officer, furnish to the special returning officer for the appropriate voting territory a list of names of Canadian forces electors attached to his unit with ranks, numbers and places of ordinary residence, as described in paragraph 23 which we are amending. Whatever

detailed procedure the commanding officer follows in that regard is not being changed in any event. The only change is that instead of an indefinite time, which might be interpreted differently by different people, his duty as indicated here is limited to a period of two weeks. In other words, he must have the list of his unit prepared and forwarded to the special returning officer, not in an indefinite period but within two weeks. Otherwise, the procedure followed is whatever the routine is in regard to this section. I am not familiar with the step by step details of the duties of the commanding officer.

Mr. Harkness: I take it that this list prepared by each C.O. will be available in his own office where it can be inspected by the local candidate. In addition to that, I presume he sends a copy of this list to the special returning officer who will be, I suppose, an officer at national defence headquarters. I presume that officer will then make a consolidated list of these people, and will have a list of the men voting in each particular constituency, which list will be available in Ottawa. I should like to ask the minister if these lists will be available to the candidates.

Mr. Campney: I am not going to presume anything in regard to the procedure, but as I understand it the lists that are prepared pursuant to the sections are available for inspection by any person concerned. It is for that purpose they are made. Just how that is done or what steps are taken to accomplish it I cannot say. I am not familiar with it.

Mr. Harkness: I think we should have something a little more definite than that. The minister says he is not familiar with this matter, but none of us is familiar with it. Just reading the regulations the only conclusion to which one can come is that there will be a list for each unit in the particular unit office and there will also be a copy of the list sent to this special returning officer who will be here at national defence headquarters. I think the minister should be able to tell us whether this consolidated list at national defence headquarters will be available, because it would be the only list from which candidates from any particular constituency could find out what people are going to vote in their constituency.

Mr. Campney: I shall get that information in a moment.

Mr. Pearkes: Dealing with subsection 2 which is mandatory in that it says that every member of the forces shall, after the expiration of a time or within two months after the date when this act has been given royal assent, do certain things, I should like to point out that the average soldier, sailor or airman would never know when this act was given the royal assent. What opportunity has a man serving in Korea or on a ship, or even in a station in Canada, to know when this act has been given the royal assent? It seems to me quite unreasonable to expect a private soldier or able seaman, who is not particularly interested in politics, to know when the act has received the royal assent.

Surely, the obligation of informing the individual man through the normal channels should rest on the minister. He should inform the men when the royal assent has been given, and then they could be required to sign the necessary forms. It seems to me that if that is not done, then a very unfair obligation is placed on the serving man.

Mr. Campney: As I intimated on Monday evening when this section was under consideration, it is proposed that when the terminating date is established by royal assent to this bill the position will be fully set out in orders. We are contemplating also—we have not firmly decided this as yet—writing to each one of the men who have not elected, setting out what is open to him and the time within which it must be done. We are anxious, as I am sure all hon. members of the house are anxious, that every possible step be taken to decrease to the lowest possible number those people who have not elected and who may therefore have to be dealt with at the poll on polling day. At the moment we are studying all possible means which might be effective to that end. I can assure the hon. member that the matter will be given every attention by the department, by the minister and also by the services who are anxious to have the matter cleared up as completely as possible.

Mr. Nowlan: I think it is more than a matter of writing letters. The discussion which took place about these amendments was based on the fact that the department requires more time to get these declarations. The average person felt that the period of two months was too long, and it should be shorter. We realize, however, that there are troops scattered throughout Korea and western Europe. The department felt it needed time in which to ensure that as many of these men as possible had signed. The department can write letters if they want to do so, but I doubt if that is the best way of dealing with this. If, when the minister leaves this building today, he were to cause

a signal to go out to every commanding officer of every unit in the world, I have enough confidence in the efficiency of these officers and men to believe that they would see to it that within two weeks 90 per cent of the men would be pledged. I think that is the procedure which should be adopted; at least, that is why we think too much time is being taken.

In so far as the lists are concerned, to which the hon. member for Calgary East refers, this is the first time that provision has appeared permitting access to these lists. It was not there before. I might say for the benefit of the minister, who has not had experience with the administration of the lists and some of his officials who have not had that experience, that in many cases these lists were not prepared at all. I think, if the minister is going to write any letters, they should be letters to the commanding officer giving directions as to how this matter should be carried out, and impressing upon him the fact that the best qualified officers and N.C.O.'s should be detailed to do the work.

Mr. Harkness: The minister has not answered my question.

Mr. Campney: Dealing with that question, it is now my understanding that the commanding officer prepares a list of the personnel of his unit, together with their place of residence, and in addition to sending it to the special returning officer for the respective territory, of which there are three in Canada, also sends a copy—perhaps I should read that provision:

—the commanding officer shall also furnish to the deputy returning officer a copy of such list for the taking of the votes of the Canadian forces electors attached to his unit; at any reasonable time during an election, such list and the statements referred to in paragraph 23 shall be open to inspection by any officially nominated candidate or his accredited representative, and such persons shall be permitted to make extracts therefrom.

Mr. Harkness: The difficulty I see is how a candidate or his accredited representative could see this list. How does he know where it is going to be? A member for a Nova Scotia constituency may quite readily have a couple of hundred people stationed in Calgary, Alberta. How is the candidate or his representative to see the list? Naturally, he is not going to be able to see it in Calgary. As I understand what the minister has said, these lists are sent to three particular places in Canada for the forces as a whole, and in each case the list is sent to the special returning officer for this area. Now, is it at the area that the candidate or his representative will see these lists, or where is it?

[Mr. Nowlan.]

Mr. Campney: He may see lists either at the unit through the deputy returning officer or through the special returning officer of the area. In either place all these names are available.

Mr. Harkness: Let us take a practical example. Let us take a constituency in Nova Scotia. In Calgary there are a couple of hundred people from that constituency who will be registered in that constituency in Nova Scotia. Where are the candidates in that constituency in Nova Scotia going to see these lists? They cannot travel out to Calgary; they have not facilities for appointing agents in Calgary, and so forth.

Mr. Campney: As I understand the regulations, if the candidate or the accredited representative of a candidate wants to check across the country he must do so through representatives in the different places. I do not think there are any provisions otherwise in the regulations as they exist now and as they were put in the statute by the committee which considered this matter.

Mr. Harkness: Perhaps we can find out what an area consists of. Is there any sort of master list made for all the units for the particular area concerned which the candidates or the candidates' representatives could look at and get the people from their own constituency?

Mr. Campney: To answer the first question, according to the regulations special returning officers are appointed (a) for Ontario and Quebec; (b) for the maritimes; (c) for the western provinces and lastly in areas where Canadian forces are serving overseas, such areas being as designated by the chief electoral officer.

I am informed that so far as these lists are concerned they are not, as the hon. member calls it, master lists; they are lists as they come in from the units to the special returning officer in the area.

Mr. Harkness: Do these lists also come into any central office here at national headquarters where they might be available?

Mr. Campney: No, I am informed they do not. Once the election is called, the administration of these regulations, as I understand it—except in these particulars where commanding officers are specifically authorized or instructed to do some duty—is under the jurisdiction of the chief electoral officer the same as all other administrative regulations in regard to voting. He is the man who interprets and carries out these regulations. The taking of the vote is not a matter of administration for the army as such nor for the Department of National Defence.

These regulations set out the duties that the officers and personnel of the Department of National Defence have to perform but the actual carrying out of the electoral regulations is not within our jurisdiction. It is under the jurisdiction rather of the chief electoral officer.

Mr. Harkness: It is not the matter of carrying out the vote that I am talking about.

Mr. Campney: In regard to lists or anything else pertaining to the election, all is under the chief electoral officer who, I take it, is governed by the regulations.

Mr. Harkness: The point is that the act provides that the candidate or his representatives shall have access to these lists and see the lists; but from the practical point of view, if the lists are posted up in the hundreds of different stations across Canada, or are available in hundreds of different stations where troops are to be found across Canada, that provision really means absolutely nothing. Unless there is, or are, some central place or places where these lists are available, the provision might just as well not be there. That is what I am getting at, as to whether these lists can be made available at some central area. It seems to me there should not be any undue difficulty in having that done. Is the minister going to comment on that? What is to prevent these lists being sent here to national defence headquarters and being available here?

Mr. Campney: I do not think I can make any comment beyond this. I will certainly see that the observations of the hon. member are taken into consideration. I do not think I can say anything more.

Mr. Pearkes: Will the candidate or his agent be able to see not only the lists of personnel who would record votes in his constituency, but the places where all the other service personnel in that station will be recording their votes?

Mr. Campney: I understand the list shows the places of residence of all the members of the units, together with the places where they are resident for the purpose of casting their vote.

Amendment agreed to.

The Chairman: Shall the section as amended carry?

Mr. Pearkes: May I ask one question on subsection 2. There is an addition there. The addition reads:

But where the member is serving outside Canada or in a ship and none of the foregoing clauses (a), (b), or (c) is applicable—

It seems to me that there may be certain personnel in these services to whom these clauses will not be applicable, and who will not have had any place of ordinary residence in Canada at the time of enlistment. For instance, suppose a person enlisted into the armed forces from outside Canada. We have certain musicians from Holland who were enlisting in the armed forces of Canada. I do not know that they would have a vote, but there would certainly be men from the United Kingdom who will have joined the armed forces in the United Kingdom, and perhaps are now serving in western Europe. The time will come, if it has not already been reached, when they will be eligible to vote in Canada. They would never have had any ordinary place of residence in Canada, and none of the three clauses (a) (b) or (c) would be applicable.

Mr. Campney: In reply to the hon. member, I understand that this particular portion of the clause which he is reading was designed to cover the cases he has mentioned. If a man has the right to vote, he must have come into Canada once and gone out to make the clause applicable, in which event his place of residence would be where he was while in Canada. If a man has never been in Canada I do not think he is covered.

It would appear to me that if he had a spouse or relative in Canada, under the right of election section he could take the residence of his spouse or other dependent or relative. If he has no relative in Canada and has never been in Canada even for a day, I doubt whether he would have the right to vote under the regulations.

Mr. Pearkes: Would he not have the right to vote if he had served the required time in the Canadian armed forces? Would that not entitle him to citizenship?

Mr. Campney: I understand not unless he had actually been in Canada; but if he has served for that length of time in practically all cases he would have been in Canada at some time at least for a day. There might be one type of person who would not fit into any of these particular regulations. I do not think they would be very numerous.

Mr. Pearkes: Yes; I think you might have men who enlisted in the United Kingdom, perhaps men who had been in Canada with the R.A.F. and had received their training here, but then they would not have been members of the Canadian forces. There must be a certain number of men who are

enlisted directly from European countries or from the United Kingdom who will be serving in the armed forces of Canada and who, it may be assumed, will take their leave, and all that sort of thing, in the United Kingdom. They would have no permanent residence here. These persons do not seem to be provided for, when they become entitled to a vote.

Mr. Campney: In the narrow circumstances outlined by the hon. member, I should think that if a man had no relatives in Canada, and had never lived here, he could not vote at large. There would be no constituency with which he could be identified. He would have no status, so far as voting is concerned. I do not know where he would poll his vote.

Mr. Pearkes: That is the question I was raising.

Section as amended agreed to.

The Chairman: Hon. members will notice that sections 5, 6 and 7 are duplicates of sections 2, 3 and 4, which have already been carried. Therefore I would assume that they would be carried as well.

Mr. Campney: I would have an amendment to section 7.

Sections 5 and 6 agreed to.

On section 7—*Ordinary residence of members of regular forces.*

Mr. Campney: I have had an amendment to section 7 prepared, to give effect to the amendment passed this morning to section 4, and I would ask my colleague to move it.

Mr. Fournier (Hull): I move:

That in part II, clause 7 of the bill be amended by deleting lines 24, 25, and 26 and substituting therefor the following:

"(2) Before the dissolution of the twenty-first parliament or before the expiration of two months from the day on which the Canadian Forces Act, 1953, was assented to, whichever is the earlier, every member of the regular forces who was such a member on the twenty-first day of June, 1952, shall complete, in duplicate,"

Amendment agreed to.

Mr. Fournier (Hull): I move:

That clause 7 be further amended by inserting after line 6, page 11, the following as sub-clause (2):

"(2) Paragraph 26 of the said regulations is repealed and the following substituted therefor:

'26. Within two weeks after the publication of a notice in daily orders, in form No. 5, each commanding officer shall, through the liaison officer, furnish to the special returning officer for the appropriate voting territory, a list of the names, ranks, numbers and places of ordinary residence, as prescribed in paragraph 22, of Canadian forces electors attached to his unit; the commanding officer shall also furnish to the deputy returning officer a copy of such list for the taking of the votes of the Canadian forces electors attached to his unit; at any reasonable time during an election, such list and the statements referred to in paragraph 22 shall be open to inspection by any officially nominated candidate or his accredited representative, and such persons shall be permitted to make extracts therefrom.' "

Amendment agreed to.

Mr. Fournier (Hull): I move:

That sub-clauses (2), (3) and (4) be renumbered (3), (4) and (5) respectively.

Amendment agreed to.

Section as amended agreed to.

Section 8 agreed to.

Bill reported, read the third time and passed.

CANADIAN BROADCASTING ACT

PROVISION FOR GRANT OF CERTAIN TAXES TO CORPORATION

Hon. J. J. McCann (Minister of National Revenue) moved the second reading of Bill No. 340, to amend the Canadian Broadcasting Act, 1936.

He said: Mr. Speaker, I do not think I need add much to what was said last night in the discussion on the resolution preceding the bill. The proposed amendment to the Canadian Broadcasting Act, 1936, provides authority for granting to the corporation out of the consolidated revenue fund amounts that equal the taxes collected under the Excise Tax Act on the sale of sound broadcasting sets and apparatus, and similarly for granting to the corporation, on account of television, an amount equal to the taxes collected under the Excise Tax Act on the sale of television receiving sets and tubes.

The proposed amendment continues the provision of funds to the corporation by statutory provision, and does not alter the basic principle for the provision of adequate funds to the corporation, therefore retaining the autonomy which is inherent in the present legislation.

The proposed amendment is one section in the bill, and the repetition of that section also appears. The second one will be repealed when the Revised Statutes of Canada come into effect.

Hon. members will recall that already at this session we have considered Bill No. 225, to amend the Excise Tax Act, and that it has been passed. Section 11 in that bill made provision for the repeal of section 6 in schedule I, and section 6 (a) was substituted therefor. I need not read it in full, but that section now refers to phonographs,

record playing devices, radio broadcasting receiving sets or any combination of the foregoing, and the tubes therefor; and states that they shall be subject to a tax of 15 per cent. Then paragraph (b) deals with television apparatus, and makes specific reference to television receiving sets and tubes therefor, as well as any apparatus or device that enables a person to see, or to see and hear, television programs distributed by any means whatever, or television radio broadcasting programs distributed by any means whatever. And in that case, again, the tax is 15 per cent.

If hon. members will recall the discussion that took place when that bill was before the house they will recall that it had, as its purpose, the clarification of all those things included that would have to do with television sets, and this included what are known as rediffusion sets.

I believe that is all the comment I have to make at this time.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, there was some discussion last night at the resolution stage, and I do not propose to repeat now what I said at that time. I do draw attention to the fact, however, that the bill is open to all the objections to which, in my remarks last night, I said it was open, having regard to the observations of the Minister of National Revenue (Mr. McCann) at the resolution stage and those of the Minister of Finance (Mr. Abbott) when he referred to this matter in his budget speech.

The amendment to the act is very brief. It may be simple in appearance; nevertheless it has the effect of setting up continuing legislation under which revenue will be paid over out of the consolidated revenue fund by the Minister of Finance year by year to the Canadian Broadcasting Corporation, without any further reference to parliament and without need of any further authority from parliament. That is a fundamentally unsound procedure, having regard to the necessity of maintaining strict parliamentary control over all moneys drawn from the consolidated revenue fund.

The minister has said this amendment continues in effect the scheme that has been in existence for a long time. It is quite true that under the combined effect of the Radio Act and the Broadcasting Act as in effect hitherto, the $2.50 licence fee on radio receiving sets has been paid over, under statutory authority, by the government to the Canadian Broadcasting Corporation. But hon. members will recall that parliament was called upon each year to make provision in a specific item of the estimates for the collection of that radio receiving licence fee. Parliament was thus afforded an opportunity every year at least to debate this whole question.

Under the amendment before us there is no such right. There will not be anything before parliament—unless, by any chance, in his budget proposals the Minister of Finance recommends some change in the excise tax, either by way of the percentage of the tax or in the matter of its application.

I think the house ought to understand clearly that if the amendment is passed in its present form, this will be an end to any annual opportunity for discussion as to whether parliament should make provision in this form and in these amounts for the needs of the Canadian Broadcasting Corporation. I indicated last night that there may be a specious coincidence in amounts as between the amount collected hitherto from licence fees on radio receiving sets and the amount it is calculated will be paid under this new amendment to the corporation for sound broadcasting, being the amount collected by way of excise tax on radio receiving sets and tubes. That happens to be a coincidence and it is nothing more. It is no excuse for ignoring and defying sound parliamentary principles.

It was indicated last night that if given second reading this bill will be referred to the committee on radio broadcasting where it will be further reviewed. If that course is followed I hope the committee will be prepared to propose amendments to this bill because in its present form it is open to the serious charge that it simply lifts control over a substantial amount of money year by year completely out of the hands of parliament. If this measure is passed in this form the Minister of Finance (Mr. Abbott) can go on from now until eternity paying out of the consolidated revenue fund all the amounts collected from the excise tax on the goods mentioned in section 6 of schedule I of the Excise Tax Act. I consider that that is an utterly unsound way of proceeding.

As I said to the house last night, there are additional reasons why parliament should consider this matter annually, why parliament should address itself in each annual session to the consideration of how much it ought to provide to meet the proper expenses of the Canadian Broadcasting Corporation, both with respect to sound broadcasting and to television. These are matters of vast importance. Because it happens at this particular moment that the amount that the

government thinks will be required for the Canadian Broadcasting Corporation happens to coincide approximately with the amount that is being yielded at this time from the excise tax on the goods in section 6 of schedule I of the Excise Tax Act, we are being asked to pass this legislation giving the minister power to pay over all the amounts collected from this Excise Tax Act to the corporation.

That is no way to go about meeting this problem. This coincidence in amounts that exists today may not exist in six months' or a year's time. I do not think one would be rash to say that it will not exist in two years' time, in three years' time or in four years' time. Then why do we pass legislation of this kind which has the effect that from now until eternity parliament will not have an annual opportunity of reviewing this whole matter?

This is not doing justice to the obligations of parliament with reference to the very important task that it has placed upon the shoulders of the board of governors of the Canadian Broadcasting Corporation. Surely they are entitled to have their affairs and financial needs carefully considered year by year in parliament. If this bill is passed in its present form it will preclude that. I say that if the bill is given second reading I hope the committee on radio broadcasting will be able to send back a much better bill than the one that is now before us.

Motion agreed to, bill read the second time and referred to the special committee on broadcasting.

SUPPLY

The house resumed, from Tuesday, April 21, consideration of the motion of Mr. Fournier (Hull) for committee of supply, and the amendment thereto of Mr. Green.

EMERGENCY POWERS ACT—ORDER IN COUNCIL RE TRADE WITH MAINLAND CHINA AND NORTH KOREA

Mr. Fleming: Mr. Speaker—

Mr. Howe: Speaking the second time?

Mr. Casselman: The first time.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, I have a few remarks that I should like to make with reference to the amendment introduced last evening by my colleague, the hon. member for Vancouver-Quadra (Mr. Green), to the motion that the house resolve itself into committee of supply. This matter is of recent origin, going back to what happened in the house just two days ago.

[Mr. Fleming.]

May I recall to hon. members precisely what happened in this house on Monday morning of this week, this being Wednesday morning. Among other items of business the house had before it for consideration a number of amendments to the Canada Shipping Act. This bill had been before the house previously, but the house in committee of the whole reviewed the various amendments on Monday morning. It was noted at the time that the Minister of Transport (Mr. Chevrier) did not remain in the house to pilot the amendments through the committee of the whole, but left the chamber. The amendments were approved in due course, the bill was given third reading and passed on its way to the other place.

After the house had spent but a few minutes in the transaction of some other business, to the surprise of hon. members the Minister of Transport made his appearance just prior to the one o'clock adjournment and proceeded to ask permission to revert to motions. That permission was granted and he thereupon tabled two copies, in English and in French, of order in council P.C. 1953-604, passed on Friday, April 17, under the provisions of the Emergency Powers Act with respect to the control of trade by sea with mainland China and North Korea.

The full significance of what the government has done I think is now abundantly apparent. This was an order in council made in the usual secrecy last Friday. The government must have known about this matter for weeks in advance. In any event they made this order on Friday, April 17. They had ample opportunity last Friday night in announcing the business that would come before the house on Monday, April 20, to refer to this matter. That would have been the time, if they were determined to proceed by order in council, to have acquainted the house with the fact. Much better still, that was the time to notify the house that amendments would be proposed on Monday morning, when the Canada Shipping Act amendments were before the house, to carry into legislative effect in the proper constitutional and parliamentary manner what the government has now done by this order in council.

But, no, the government did not proceed in that manner. The government did not choose to acquaint the house with the facts on Friday evening. The government did not choose to acquaint the house with the fact on motions on Monday morning. Why was it that the government did not take advantage of the opportunity to have announced this order in council on motions? Oh, no, this order was held back, and held back deliberately, until

the house had concluded its consideration of the amendments to the Canada Shipping Act. Nothing could be more obvious.

They did not want this subject discussed in parliament. That is equally obvious. Therefore they held it back until the Canada Shipping Act amendments were out of the way. Is this the kind of method that hon. members of this house are going to approve? I put that question to hon. members of this house who are accustomed to support this government. I ask every one of them if he approves the way in which the government has flouted and ignored this House of Commons and denied to the House of Commons information on a matter of very considerable importance as to which there would have been an opportunity on Monday morning for adequate discussion in the parliamentary manner. That is question No. 1, Mr. Speaker.

Let us follow that a little further. How did the government proceed? Where did they seek to find a method of dealing with the problem, a problem that was described by the Minister of Trade and Commerce (Mr. Howe) last night in his very angry and ill-tempered speech as contraband trade? This House of Commons, Mr. Speaker, does not take second place to the Minister of Trade and Commerce or the government in its determination to see that proper measures are taken to prevent trade in contraband with communist China. Why does the government not trust the House of Commons? The House of Commons is capable of prompt action. It has shown that on more than one occasion where conditions required prompt action. But oh no, the government did not choose the parliamentary method. They wanted to do this by their secret and favourite method of legislating by order in council.

They might have approached the matter through the Canada Shipping Act, but they did not do so. They went to a statute which has now acquired a very ugly and notorious history, the Emergency Powers Act. This is a measure that has had as much discussion at the present session as any measure that has come before the house. No legislative measure that has come before the house this year has been subjected to as lengthy debate or as critical comment as the bill to extend the Emergency Powers Act.

That measure was criticized because of the breadth of the powers that the government sought to take from parliament to do virtually everything that parliament can do with the exception of taxation, arrest, detention and deportation. Everything else in the way of transfer of absolute powers they grasped from parliament. When we in this quarter of the house criticized that measure, when we said that no self-respecting parliament could pass a measure virtually abdicating its powers to the executive branch of government, we were told by the Prime Minister (Mr. St. Laurent) in the most soothing terms, in the intervention he made in the debate in its late stages on March 26, that the house need have no fear, that the government would be so careful in the exercise of these powers, that the utmost regard would be had for all democratic privileges and considerations, and that the house might well subdue all fears that it entertained about placing in the hands of the governor in council powers that could be used virtually to subvert the entire constitution of the country and stop all pretence of parliamentary government. Such was the assurance that the house received from the Prime Minister.

Some of us were very critical of the way in which the government in the two years that this measure has been in existence had proceeded to legislate by this method while parliament was in session and quite capable of providing anything required in the way of legislation. What was the record that we pointed out then? In 1951 nineteen orders in council were passed under the Emergency Powers Act and every one of them was passed while parliament was in session, because that year parliament sat from January 30 to December 29; and as to parliament being actually sitting while the orders were passed, every one of them was passed at a time when parliament was actually sitting and not in recess. In the year 1952 five orders in council were passed under the Emergency Powers Act, and three of the five were passed while parliament was actually sitting and quite capable of enacting anything that was required to meet any legislative lack at the time.

We raised this question and raised it repeatedly, and one would have thought that the government would have enough regard for the institution of parliament to have refrained from proceeding to legislate by this order in council method while parliament was actually in session. The order in council in question in this debate was passed on April 17, last Friday. The house was in session that day from eleven o'clock in the morning until ten o'clock at night. Again on Monday, April 20, the house was in session from eleven o'clock on, and I have already pointed out that a bill was under debate in the house that morning under which this measure could have been introduced by the government as a proper amendment to the Canada Shipping Act.

So, Mr. Speaker, we have it crystal clear that this government does not care whether

or not parliament is sitting. They have the powers under the Emergency Powers Act, and use those powers they will in whatever way they choose, whether parliament is sitting or not. In the view of the government, when a situation like this arises parliament as an institution might just as well not be in session. We might just as well pack our bags and go home so far as the government is concerned.

An hon. Member: Go ahead.

Mr. Fleming: They do not take us into their confidence. They do not discuss problems of this kind with us. They just go ahead and follow their secret and favourite method of proceeding to legislate by order in council.

Let there be no doubt in the mind of any hon. member, Mr. Speaker, or in the mind of any Canadian that this is legislation. This is not some matter of regulation, some small matter that does not require the direct attention of parliament. This is not the sort of thing that parliament sometimes makes provision for by way of regulations to carry out the intent of a statute. This is legislation. No legislation enacted by parliament this year is more directly legislative in form or effect than order in council P.C. 1953-604.

We have here now—and let the public fully realize it—two law-making bodies. We have parliament containing the elected representatives of the people sitting here transacting public business in public for all to see and so that the public may form its judgment upon the way in which its business is done in parliament. At the same time we have another legislative body that meets in secret and by star chamber methods proceeds to pass legislation just as binding upon every Canadian as the legislation enacted here in parliament in due parliamentary form. Which is the democratic method? The parliamentary method is a method that has been tested down through the centuries and has been found to be the one method that will guarantee the preservation of the rights and liberties of the people. Long ago secret methods were found to be the kind that make it easy for executive bodies to trespass upon the rights of the people.

The executive branch of government, historically and in fact, has never been the champion of the rights of the people. It has been parliament and parliament alone that has fought the battles for the preservation of the rights and freedoms of the people. Parliament and the people have an opportunity now of seeing under their very eyes parliament proceeding to legislate in the traditional parliamentary and democratic method, and side by side a cabal consisting of twenty men proceeding to legislate by star chamber methods that were found three centuries ago to be so notorious that men were prepared to shed their blood to exterminate them. There was no occasion whatever, Mr. Speaker, no need whatever, for the governor in council to proceed by this method. Parliament was in session. Parliament was dealing with matters directly cognate with this very subject matter, and it would have been a relatively easy matter to have introduced this subject in the house on Monday morning by way of an amendment to the bill then under consideration in the house. So, Mr. Speaker, you will never have a more flagrant case than this of the government deliberately choosing to ignore parliament, abandoning parliamentary methods and proceeding to legislate in secret by order in council.

Now, sir, what were the excuses, the pretexts offered by the Minister of Trade and Commerce (Mr. Howe) last night for this attack on parliament in his angry speech? There were two excuses which he gave, Mr. Speaker, and the first was that the end justifies the means.

Mr. Fraser: That is pretty flimsy.

Mr. Fleming: Mr. Speaker, when parliament's position is at stake, when the parliamentary and democratic process is challenged, we of the official opposition say most directly to this government and to the Minister of Trade and Commerce that the end cannot justify the means, when you deliberately choose autocratic and unparliamentary means. There is no excuse here for the way in which this government went about it. It was an empty and hollow pretext which the minister sought to put forward last night, and it will convince no one. I do not think that the minister even convinced himself.

Then the minister said: That is the way they did it in the United States and in the United Kingdom. Well, the minister ought to know perhaps better than most members of this house that under the system prevailing in the United States, with congress enacting general legislation, it is their policy and practice to leave matters to the executive branch of government which we, under our system of responsible government, would not think of vesting in the executive branch of the government—at least until this house came to be dominated by an autocratic administration here which had lost all knowledge of true parliamentary processes.

The reference on the part of the minister to the United Kingdom was indeed interesting because it sheds a clear light on something which the Minister of Trade and Commerce said last night in attempting to stampede this house into thinking that this was a

matter of real, desperate urgency. He said it was a time for action and not for talk. Well, you see that to his autocratic mentality parliament is just a place for talk, and therefore, he has no patience with it. He has shown that many and many a time. His mentality is obviously not adjusted to parliamentary processes because it is quite true that parliament is a place where people talk. That is the democratic method that has been found by a process of long experimentation to be the kind that is safe and the kind that preserves the rights and freedom of people—so that anything that even resembles talk is anathema to him. To the Minister of Trade and Commerce action is the thing that matters; action is what he demands. Well, the House of Commons is quite prepared to move as quickly as is required, Mr. Speaker.

As I have indicated, his references to the United Kingdom approach to this question have some very interesting light to shed upon the atmosphere of urgency that the Minister of Trade and Commerce sought to throw about this matter. What do we find, Mr. Speaker, to be the fact—the fact that was not stated to this house last night by the Minister of Trade and Commerce? When we look up the records of the United Kingdom we find that their order was made on March 13, 1953—over a month before this matter became one of such desperate urgency last Friday that this government could not even tolerate the idea of putting it before parliament. It was laid before the parliament of the United Kingdom on March 16, 1953, one month and one day before the cabinet here proceeded to pass this order in council. It came into operation on March 17, 1953, one month exactly before this government considered it necessary to pass this order in council—this notorious order in council.

Mr. Howe: Is the order in council in the United Kingdom also notorious?

Mr. Fleming: I do not know what reasons prompted them to proceed the way they did over there; but I doubt very much if the Minister of Trade and Commerce knows very much about the legislation under which it was passed over there; so that any reference he made was based upon a very superficial review of the situation there. I will tell him that if he had taken the trouble to study the facts, instead of contributing more heat than light to the debate last night, he would have been frank enough to have told this house that this matter did not have any of the urgency which he attempted to attach to it last night. The matter was settled over a month ago in the United Kingdom.

Mr. Howe: My hon. friend might at least tell the parliament of Westminster how to run their affairs.

Mr. Fleming: I do not tell them that but I do tell the Minister of Trade and Commerce that if there is anybody in this house who has demeaned parliament, who has treated parliament with utter contempt, time and time again, it is he. There is nobody who is a greater menace in this house to all parliamentary processes than the Minister of Trade and Commerce.

Mr. Speaker: Order. The hon. member cannot make a statement of that kind. He must withdraw it.

Mr. Howe: Show your contempt for parliament.

Mr. Speaker: I cannot allow it to stand.

Mr. Fleming: Mr. Speaker, may I ask which remark you mean?

Some hon. Members: All of them.

Mr. Speaker: Order. I heard the hon. member say that the Minister of Trade and Commerce was a menace to parliament.

Mr. Howe: That he demeaned parliament.

Mr. Speaker: I cannot allow that statement to stand.

Mr. Fleming: I will correct that, Mr. Speaker.

Mr. Fournier (Hull): You will withdraw.

Mr. Speaker: Before correcting it the hon. member must withdraw the statement.

Mr. Fleming: Mr. Speaker, I am told by those who are around me that I did not say that the minister—

Mr. Speaker: Order.

Mr. Howe: There is no use denying it.*

Mr. Speaker: I cannot allow an argument about this. I heard what the hon. member said and he must withdraw the statement he made that the minister was a menace to parliament.

Mr. Fleming: If that is what I said I will certainly withdraw it in view of your ruling; but I will say that the Minister of Trade and Commerce has repeatedly treated this House of Commons and parliamentary institutions with the utmost contempt. What he said last night—

An hon. Member: That is the same thing.

Mr. Speaker: I do not think the hon. member can say that the minister has treated this parliament with contempt.

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*See also page 4226.

Mr. Fleming: With great respect, sir, that very remark has been made in this house—

Mr. Howe: By yourself.

Mr. Fleming: And others.

Mr. Speaker: Perhaps this is the time I should stop it. I do not think I should allow any hon. member to refer to a minister as treating parliament with contempt.

Mr. Fleming: The way to correct that is for the minister to change his attitude.

Mr. Howe: Withdraw.

Mr. Speaker: I think I should clear the matter up now. The hon. member must withdraw the statement he has made that the minister has repeatedly treated this parliament with contempt.

Mr. Howe: So withdraw it.

Mr. Fleming: Mr. Speaker, I hope you will have something to say to the Minister of Trade and Commerce, who has undertaken to give orders to both yourself and myself now. I want to make a submission with regard to that remark.

Mr. Speaker: I would first like the statement cleared up. I would like a withdrawal from the hon. member who has accused the minister of treating parliament time and again with contempt.

Mr. Fleming: Yes, Mr. Speaker, there is no question about that statement. I have certainly said that. This is not the first time I have said it.

Mr. Martin: Withdraw; the Speaker has made a ruling.

Mr. Speaker: I should not have allowed it in the past, and I am not allowing it now.

Mr. Martin: Show your own respect for parliament.

Mr. Fulton: Will you permit me to suggest to Your Honour that you are going a little farther than you would intend to go—

Mr. Howe: You are telling the Speaker?

Mr. Fulton: I am suggesting, not telling, which is the minister's habit. I am suggesting that perhaps Your Honour is going a little farther than Your Honour would intend to go if, as I understand it, you are about to rule that the statement that the minister has been in contempt of parliament or used parliament with contempt is unparliamentary. On page 97 of Beauchesne's second edition, I find a list of expressions, and while I am not saying it is all-embracing it is the result of a good many experiences of this sort, and in a quick examination I do not find that the use of the word "contempt" in that sense has ever been held to be unparliamentary.

Mr. Speaker: They are merely examples. Certainly to suggest that the minister is in contempt of parliament is unparliamentary.

Mr. Fulton: The expression is "has used parliament with contempt." I am sorry; I used the wrong expression.

Mr. Speaker: I feel, and I am sure the hon. member for Eglinton will agree with me, that it is unparliamentary. But whether or not he does agree I must ask him to withdraw the statement that the Minister of Trade and Commerce (Mr. Howe) has treated, and is treating, parliament with contempt.

Mr. Fleming: Mr. Speaker, you know me well enough to know—

Some hon. Members: Withdraw.

Mr. Fleming: —that if I had thought for one moment the expression was unparliamentary I would not have used it, no matter how strong my feelings may be on the subject I was discussing. This is the first time, after that expression has been used on a number of occasions, that any objection has been taken to it in the house as being unparliamentary.

Now, if you compel me to withdraw it, then I have no course but to withdraw it. I do want to say this. I remind the house that it has been used before, not once but many times, and never before has objection been taken to it by the Chair or by the house.

Mr. Speaker: I understand that the hon. member has, in view of my ruling, withdrawn.

Mr. Fleming: I said that your ruling compels me to withdraw, and I have no alternative but to withdraw it.

Mr. Martin: That is not a withdrawal.

Mr. Fleming: Perhaps I have to say it again to the ministers over there who are engaged in these overtones of raucous interruption, that your ruling compels me to withdraw. I have no alternative but to withdraw in view of your ruling, and therefore I withdraw.

Mr. Martin: That is fine.

Mr. Graydon: That is what he said before.

Mr. Fleming: It is what I said before, precisely. I will say this. This government is going to be called to account for the way in which it has treated parliament. Whom the gods would destroy, they first make mad.

We had a very good example of it last night on the part of the Minister of Trade and Commerce.

Mr. Hansell: Mr. Speaker, I should like to say a few words on this amendment, but since I have noticed that in the last couple of days we have gone over one o'clock and over ten o'clock at night, I am wondering if you would not consent, since it is only three minutes to one, to having one period short of one o'clock.

Mr. Speaker: Is it the wish of the house that I call it one o'clock?

Mr. Sinnott: If the hon. member for Macleod (Mr. Hansell) does not wish to go ahead, I will.

Mr. Hansell: If the hon. member for Springfield (Mr. Sinnott) wishes to go ahead I do not mind, but I do not want to lose my place in the debate. I have not risen to speak as yet. I am only rising to ask you, Mr. Speaker, to call it one o'clock.

At one o'clock the house took recess.

The house resumed at 2.30 p.m.

Mr. E. G. Hansell (Macleod): When the house rose for the luncheon recess we were discussing the amendment that was proposed by the hon. member for Vancouver-Quadra (Mr. Green) in respect to the order in council which was passed the other day while parliament was in session.

Last night I listened with a good deal of interest to the speeches that were made on that amendment. It is not necessary to repeat what the leader of this party said last evening in putting our position plainly before parliament in respect to this action and in respect to this amendment. Our leader said that we supported the amendment because we believed that it was a negation of the right of a democratic parliament. I do not believe there is one argument against that position. I believe the position taken by the government is indefensible.

Much was said last night with regard to the right thing being done the wrong way. Perhaps a good deal of emphasis was placed on that phrase. It is all very well for a government that does something in the wrong way to rise and point the finger at opposition members and say: "Well, did we do right?" Of course that is tantamount to putting the opposition on the spot, so that they will declare whether they agree with it or not. I do not believe it is a matter of doing the right thing in the wrong way at all. I think it goes farther than that. It is a matter of the government assuming that they are right, and that they alone are capable of determining what is right.

It is not so long ago, as a matter of fact, just a few short weeks ago, that we were discussing the Emergency Powers Act under which the government was able to pass this order in council. What arguments took place then? The whole opposition in that debate were opposed to that measure, mainly because the government assumed power under it to take action while parliament was in session. At the time the Minister of Justice (Mr. Garson) became more or less an apologist for the government along that line.

It amazes me, Mr. Speaker, that after that act was passed, after all the arguments were used, even after the Minister of Justice, by inference anyway, agreed that it was not the proper principle to apply, orders in council should without necessity be passed while parliament was in session. They wanted the powers of the Emergency Powers Act so that they would be able to do things in an emergency when parliament was not in session. It amazes me that just so soon after the passing of that act and the arguments put forth, the government has turned around and done the very thing which they admitted at the time was, under our democratic processes, an objectionable thing to do. How they could do that, I do not know. Even the Prime Minister (Mr. St. Laurent) himself, during the debate on the Emergency Powers Act, admitted that to pass orders in council while parliament was sitting was an objectionable thing to do.

I recall particularly the statements he made, although at the time he was talking particularly of a secret order which was passed in compliance with certain actions that were taken by the North Atlantic treaty nations. What did the Prime Minister say at that time? He said, as reported at page 3318 of *Hansard*:

> All those who are parties to the North Atlantic alliance share with each other top secret information because of our confidence that there are measures being taken for the proper protection against or the anticipation of sabotage and espionage.
>
> It is unfortunate to have to live in a world where that has to be done. It is unfortunate that we cannot feel that everybody in the world is going to behave in a manner befitting a Christian gentleman, but that is not the world we are living in. There are certain things that we are reluctantly forced to do if we attempt to discharge the responsibilities that happen to be ours.

Well, as I say, I know he was talking about a particular secret order, and I am not one, and never have been one, to object

particularly, if a time of emergency arises, where a secret order has to be passed by a responsible government. I have never criticized the government on the action they took at the time the spy scandal broke out in this country. I have never criticized them for setting up the commission to investigate that matter and denying counsel for the time being to those who were suspected of sabotage. I have never criticized them for that action. It was an emergency at the time. I do not think parliament was in session. It may have been, because I happened to live next door to Mr. Gouzenko's apartment, and I wondered what it was all about at the time. Unfortunately, that was the situation. The government took the bull by the horns and acted according to the power granted them. I have never criticized them for doing that. In fact, I believe I have said in my public meetings that it was the proper thing to do, that I would have done the same thing under ordinary circumstances. And I say "I"—but of course I never will have a responsibility of that kind.

I never have criticized the government for that. I do not criticize them for doing the right thing at the right time. But if, as the Prime Minister (Mr. St. Laurent) himself admitted in the debate on the Emergency Powers Act, to do such things would be objectionable, even though he were applying the law to a secret order, how much more objectionable is it when it is not necessary that the order be kept secret, and when parliament is sitting. Upon the face of it, and in the light of the government's own admission as stated by the Minister of Justice (Mr. Garson) and the Prime Minister, how much more objectionable is this.

I say we have reasons for supporting the amendment of the hon. member for Vancouver-Quadra (Mr. Green) in connection with the order in council which, as he says, was passed while parliament is sitting. I must admit that I do not know what happens in a cabinet meeting. I do not know how they discuss their orders in council.

Mr. Fulton: Howe discusses them.

Mr. Hansell: Well, perhaps the Minister of Trade and Commerce (Mr. Howe) does.

Mr. Knowles: And he is not denying it.

Mr. Hansell: I am almost tempted to think there are so many orders in council that have to be passed—and I am not referring only to orders in council passed under the Emergency Powers Act—and there is so much for the cabinet to do, that someone in the civil service shoves a lot of orders in council in front of them and says, "Sign." They sign. And then they awaken to the fact—"by golly"—

An hon. Member: Careful, careful.

Mr. Hansell: —"we have signed something here we should not have signed. Let us place it on the table. It will be all right there." It is either that or, knowing full well what they are doing, they do something that is objectionable to parliament, and know that someone will talk back to them about it. It is one thing or the other; you cannot have it both ways.

In my imagination I go up to the council chamber and take a little keyhole peep at the cabinet in session. I can see an order in council of this kind coming before them. Now, I have always said the Prime Minister is an honest man, and I think he is.

Mr. Fraser: Have you any doubt?

Mr. Hansell: Well, I mean to say that I judge by what he says in the house, and how he reacts to certain arguments. For instance, I remember when not long ago the house was discussing horses. He rose in his place and admitted certain things—and that was the gentlemanly and the nice way to do it.

Mr. Hees: It is the only thing you can do when you are caught.

Mr. Hansell: I can go only by what I see and hear; but I do not view the Prime Minister as a slippery politician, at all. I do not, and I never have.

Mr. Byrne: Can't say the same for you.

Mr. Hansell: Who said that?

Mr. Fulton: The hon. member for Kootenay East (Mr. Byrne).

Mr. Speaker: Order. There are too many remarks being made, and I am unable to hear them. If hon. members wish to make any statements they should rise in their places and make them loud enough so that I can hear what is being said.

Mr. Hansell: Yes; let him rise in his place and say that anyone here is not honest. If the remark was directed to me, let him say it now.

Mr. Fraser: The hon. member for Kootenay East.

Mr. Speaker: Order. The remark, if it was made, should not have been made.

Mr. Hansell: It is all right; I do not mind if it is on the record.

Mr. Speaker: But I would not allow it to remain on the record.

Mr. Hansell: Thank you, Mr. Speaker. I am not ashamed of a single, solitary thing I have ever done in the political field or in this House of Commons.

Now, let me get back to the keyhole again, if I may. Here is an order in council, such as we are now discussing. The Prime Minister says, "Well, boys, we have this matter of ships entering Chinese ports"—and so forth and so on; or it may be something else. "What are we going to do about it?" Someone rises and says, "Well, it is the right thing to do." The Prime Minister says, "It may be the right thing, but do you not think that the way we should do it is not the right way?" The Minister of Trade and Commerce says, "Huh! Huh!"

I can imagine looking through that keyhole during a session of cabinet and the Minister of Trade and Commerce saying, "Huh". But when he has the nerve to say it in the House of Commons, that is too much for me. I cannot understand it.

Then the Prime Minister says, "Well perhaps we had better pass it." And the gentleman sitting at the end of the table, the Secretary of State (Mr. Bradley), is asked by the Prime Minister, "What do you think about it?"

Mr. Hees: Wake him up.

Mr. Hansell: He pops up and says, "Well, Mr. Prime Minister, I just was not listening. Anything you say will be all right." And then, speaking to the Minister of Public Works (Mr. Fournier), "Mr. Minister of Public Works, you are responsible for the conduct of the business of the house. What do you think about it?" "Oh, it is all right; pass it. We will have enough Liberal backbenchers there who will heckle so much that no one will understand what the opposition are saying, anyway."

The order in council is passed. Eventually it is laid on the table. And we are now in the process of debating whether or not it is a negation of the democratic rights of parliament. I say, and I do believe, that the government should admit it has made a mistake in doing what it has done while parliament is in session. It should tell us whether it was an order in council signed along with a million others, or whether it knew what it was doing at the time. Did they know what they were doing, right on the heels of their being given power by parliament under the Emergency Powers Act, and having been made aware of all the objections to exercising it while parliament was in session? Knowing that, did they deliberately flout the desires of this parliament by preventing a matter which is not secret being brought before us for discussion?

The action involved in the order in council is right; and if they had come down with a measure, I am sure it would not have taken more than an hour or two of debate for us to have said that—

Mr. Howe: And to get it through both houses?

Mr. Hansell: —this is the right thing to do at this particular time. It is the obvious thing.

Let me ask the Minister of Trade and Commerce (Mr. Howe) if his attitude is that it was done because it would take too long. Is that the reason they passed the order in council, because they thought that if this legislation were brought down it would take too long to discuss it? Is that the reason? No answer. I think that they should give us a reason. They have not given us a satisfactory answer yet.

We are not discussing whether it is right, we are discussing whether or not the government should set itself up as the high potentate and great umpire over those who are able to say what is right and what is wrong. We in this house have the right to say what is right and what is wrong before the thing is done. Those are our objections. I think they will hold water, and if the debate has done nothing else it has served to indicate that the government should go a little slower with orders in council while parliament is in session. Whether they will take any notice of it, I do not know. I would suggest just one thing, that if they do this again it will indicate what the hon. member for Eglinton (Mr. Fleming) was trying to say this morning.

Mr. J. S. Sinnott (Springfield): Mr. Speaker, when the motion to go into committee of supply was moved last night and the hon. member for Vancouver-Quadra (Mr. Green) got up and objected to this order in council which had been passed, I was reminded of a drowning man grasping for a straw.

An hon. Member: Out in Springfield.

Mr. Sinnott: You boys can have your fun, but I am going to say what I have to say.

Some hon. Members: Hear, hear.

Mr. Sinnott: I want to make it crystal clear that there was no secret order passed whatsoever. I want to quote what the Minister of Transport (Mr. Chevrier) said, as reported on page 4089 of *Hansard* of April 20:

> Mr. Speaker, may I have permission to revert to motions and to table two copies in English and in French of P.C. 1953-604, an order in council passed on Friday, April 17, under the provisions of the

Emergency Powers Act with respect to the control of trade by sea with mainland China and North Korea. This order provides that no ship registered in Canada shall, after the 20th day of April, 1953, proceed to the mainland of China and North Korea without a licence. This order is being passed pursuant to discussions which took place between the British and the Americans in Washington following the visit here of the Right Hon. Mr. Eden, and after those discussions the hope was expressed that we in Canada would pass a similar order in council.

Mr. Green: May I ask the minister whether the United Kingdom and the United States have adopted similar measures?

Mr. Chevrier: Yes, both countries have.

Mr. Green: Is this order identical with the provisions made by the British and the Americans?

Mr. Chevrier: I can say that it is identical with the British order because I have seen it, but I have not seen the American, although I am told that it was the hope of both the American and the British governments that this be done.

That was the end of the discussion. Later on the hon. member for Vancouver-Quadra, being the shrewd politician that he is, decided that here was a straw that could be grasped by the Conservative party and decided to bring up this thing again. I speak as a backbencher on this side and I want to say that I do not at all times follow the lead of the government. But I do want to express my own personal opinion about this order in council which was passed for the protection of every man, woman and child in this country. Who on the opposition side can say that the government did not know that there was a load of contraband near Korean or Chinese waters?

As soon as the government could do so they indicated that they had passed this order in council on Friday last. Nothing was concealed, nothing was hidden, nothing was done that should not have been done. It has been admitted by the hon. member for Vancouver-Quadra and by the hon. member for Eglinton (Mr. Fleming) that this was the proper thing to do, but it was done in the wrong way.

It may be true that amendments should have been put through on Monday but, as I said before, who knows that there may not have been half a dozen ships filled with contraband near these waters at that time and this order may have been necessary.

Mr. Fraser: It should have been passed a year ago.

Mr. Sinnott: No one knows better than the hon. member for Vancouver-Quadra that the Prime Minister (Mr. St. Laurent) has given every assurance that orders in council would not be passed unless they were essential and necessary for the protection of this country. I want to indicate with these few remarks that my opinion is that this order was passed with all good intentions and that political capital should not be made out of something that does not exist.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, as my leader, the hon. member for Rosetown-Biggar (Mr. Coldwell), indicated last night, we shall support the amendment which has been moved by the hon. member for Vancouver-Quadra (Mr. Green) because we believe that this parliament should pass a vote of censure upon the government for what it has done in passing this order in council under the Emergency Powers Act even though parliament was in session at the time.

The hon. member for Springfield (Mr. Sinnott) has expressed his view as one member on the Liberal side of the house. I was interested in looking up the views of another member on the Liberal side who had something to say about this question when we were debating the emergency powers legislation earlier this year. I refer to the hon. member for London (Mr. Jeffery) whose remarks will be found on page 2107 of *Hansard* for February 19. He made it clear that the only reason he was prepared to vote for this legislation was that he felt that it might be needed during a time when with an election being held there would be no parliament to call into session.

On that occasion that Liberal member said that he took second place to no one, not even to the hon. member for Eglinton (Mr. Fleming), in his opposition to emergency powers legislation. So far as he was concerned, it was wrong in principle and he was against it. Nevertheless he did say that he was going to support the government on that occasion because he felt that they might have to have this kind of stand-by power during a period when because of an election there was no parliament.

I am satisfied that the view expressed by the hon. member for London was held by a good many members on the Liberal side of the house. I am satisfied that there are many of them who do not like this legislation but who felt that there was sufficient weight to the argument made by the hon. member for London to go along with the government in support of this measure. Therefore, I suggest that there will be members like the hon. member for London and others in the Liberal party who will be just as annoyed as we are that so soon after the passing of the Emergency Powers Act, presumably for the purpose of having it when parliament was not here, particularly for the purpose of having it when there was no parliament at all, it is used simply for the purpose of avoiding debate on the floor of parliament.

When we of this group expressed our opposition to this measure in the debate that took place earlier this session we indicated that we had come to the conclusion that the government regarded the emergency powers legislation simply as a convenience. Indeed, I took the trouble to indicate some of the orders in council that had been passed under the emergency powers legislation and pointed out that in many cases that was all the government had done; it had just used that legislation as a convenience. I remember, for example, that one of the measures passed had to do with the foot-and-mouth disease. The government said that they thought they could have passed it under other legislation but since there was some doubt they used this legislation which was there for them to use. Then there were other items, an item with reference to the content of the Canadian five-cent piece and others of that kind which certainly made it clear to me that the government has had emergency powers legislation for so long that they regard it as a convenience which they are not prepared to do without.

I submit the sequence of events in this case is evidence of the fact that the government is just using the Emergency Powers Act as a convenience, as a means of bypassing discussion in parliament. I have had to be out of the chamber a part of the time today because the committee on industrial relations is meeting and dealing with a couple of very important pieces of legislation. Therefore I may have missed some of the points that have been made, but I should like to make this point whether or not it has been made before. The order in council which we are now discussing—and please bear in mind, Mr. Speaker, that we are not discussing the subject matter of the order; we are discussing the method by which this law has come into being—was passed by the governor in council, in other words, by the cabinet, on Friday, April 17 last. That means that when the Minister of Transport (Mr. Chevrier) came into the house at eleven o'clock on Monday morning, April 20, he must have had the order in council in his pocket. If he did not have it physically in a pocket in the clothes he was wearing, he at least had it with him and could have tabled it at eleven o'clock that morning, on motions.

That is the time when documents of this kind are usually tabled in the House of Commons. But no, the Minister of Transport did not choose to table this order in council, passed on the previous Friday, at eleven o'clock on Monday morning I wonder why. There is in this case circumstantial evidence that is going to be pretty hard for the government to answer. The fact of the matter is that the Canada Shipping Act was up for discussion that very morning and it follows inevitably that if an order of that kind had been laid on the table of the house at eleven o'clock there would have been discussion on it during the consideration of the amendments to the Canada Shipping Act. But no, the Minister of Transport held back the tabling of the order in council until his parliamentary assistant had successfully piloted the amendments to the Canada Shipping Act through the house. A little later that same morning, just before one o'clock, the Minister of Transport then rose and asked the house to revert to motions so that he could table this order in council which had been passed the previous Friday under the Emergency Powers Act.

I submit that that makes it clear that all the government was trying to do was to by-pass a discussion in parliament. I submit that it is not of consequence whether that discussion might have taken five minutes or five hours. The point is that the right way to put legislation on the statute books of the country is to have it passed by parliament, and any faith that some people, like the hon. member for London (Mr. Jeffery) and others of his party who expressed the views they did during an earlier debate, have in the government so far as its use of emergency powers is concerned must be badly shattered by this early use of these powers for this purpose.

A great deal has been said about the need for getting this legislation into effect quickly but, as I believe has already been pointed out, the British experience was that their order in council was passed on March 13, tabled in the British House of Commons on March 16 and came into effect on March 17. I am not condoning their action in doing it by order in council, but the point I am making is that it appears that the decision of the three governments, the United Kingdom, the United States and the Canadian, to pass orders of this kind was apparently made back in the middle part of March. Yet the government waits from the middle of March, when Mr. Eden was here, until the 20th of April and then tells us there is such hurry about this matter that it has to be done by order in council rather than by putting it through parliament in the proper way.

We did not like the emergency powers legislation itself. We opposed it when the votes were called earlier this session, and we are still against it. We raised particular objection to the use of these powers when parliament is in session. We have objected

on other occasions to the additional power the government took in 1950 to keep any order in council secret. We suggest that the present experience will increase the doubts of many people as to the wisdom of parliament in having given the government these emergency powers, and we hope that after the censure now being made of the government through the terms of this motion, and through the support I hope there will be for it, there will be an end to this sort of practice on the part of the government. It is bad business, and it should cease.

Mr. Fleming: Mr. Speaker, I rise on a question of privilege. Just prior to the noon adjournment there was a discussion in the house during the course of which you asked me to withdraw certain words, which I did. In the course of that discussion you will remember that there were a good many interruptions and interjections hurled across the floor from the ministerial benches. At the time I could not distinguish them all. I did not distinguish one that I now find was made and which is a breach of the rules of the house. One member thought he heard it and spoke to me afterward and told me that I should check it up in the transcript of the *Hansard* notes. I have done that and this is what I find in that transcript.

An hon. Member: Did you change it?

Mr. Fleming: No, I did not change it.

Mr. Speaker: Order.

Mr. Fleming: That is another slur from the other side of the house and I ask you, Mr. Speaker, to rebuke the hon. member who interjected it. This is how the passage reads in the transcript:

> Mr. Fleming: Mr. Speaker, I am told by those who are around me that I did not say that the minister—
> Mr. Speaker: Order.
> Mr. Howe: There is no use lying about it.
> Mr. Speaker: I cannot allow an argument about this.

And so on. I am sure, Mr. Speaker, that you could not have heard, as I did not hear, the remark made by the Minister of Trade and Commerce when he said, "There is no use lying about it", and in that way imputed a dishonest statement to a member of the house. I ask you, Mr. Speaker, to require the minister now to withdraw that remark which is in breach of the rules of the house.

Mr. Howe: Mr. Speaker, in reading the transcript I myself noticed it. I knew it was unparliamentary and I communicated with you, Mr. Speaker, and after that changed the transcript to read "denying it". I am now making a full confession. If my hon. friend would like me to expunge the line I will do that. I am sorry I made the remark. I was a little annoyed at my hon. friend and I think he was a bit annoyed too. That is the story. What would my hon. friend like me to do more than that?

Mr. Fleming: So far as I am concerned, Mr. Speaker, that is quite sufficient. I am glad the minister has spoken as he has.

Mr. J. L. MacDougall (Vancouver-Burrard): Mr. Speaker, I rise to take part in this debate with considerable reluctance, for the simple reason that I have a terrific regard for the Prime Minister (Mr. St. Laurent) and the Minister of Trade and Commerce (Mr. Howe).

Some hon. Members: Hear, hear.

Mr. MacDougall: I dislike very much to have to rise to my feet and, according to my conscience and the principles which I hold, disagree with them on this matter. If my memory serves me correctly, it seems to me that when the Emergency Powers Act was being discussed—

Mr. Speaker: Order. If I may interrupt for a minute, perhaps I should say with respect to the statement made by the hon. member for Eglinton (Mr. Fleming) that it had been my intention to bring the matter to the attention of the house when it resumed at 2.30 this afternoon, but the hon. member was not in his seat at that moment. I am pleased that he raised the matter as soon as he came into the house.

Mr. MacDougall: You are not referring to me, Mr. Speaker?

Mr. Speaker: No.

Mr. MacDougall: With respect to this whole problem, I think we must recognize that Canada has won its nationhood by the blood of Canadian men and women in two world wars. I am proud of the fact that I am a Canadian and, by virtue of that, I cannot particularly conform to either the executive action of the United Kingdom in dealing with this matter or the executive action of the United States in dealing with this matter. To me, we are not a satellite of either one or both of those countries and as a result, if that argument is correct, then we have a perfect right, our own Canadian right as representatives of Canadian people from the Atlantic to the Pacific, to decide rightly or wrongly how matters such as this should be dealt with.

In addition, we recognize the fact that for the maintenance of peace, order and good government this parliament has delegated certain powers to the government. As a Liberal with a capital "L" I have never been too enthusiastic in my support of emergency

powers but this year, of all years that we have granted emergency powers, it seemed to me they were justified. That was because of the fact that, and I think most hon. members will agree with me, during this year there are going to be a number of days when Canada is not going to have a parliament. Consequently there will be a period when Canadians will have what might be termed a dead parliament and a dead parliament cannot in any emergency be whipped back to life. Therefore, it seemed to me that this was the one year where emergency powers were necessary and I fully supported the granting of those emergency powers—largely along the lines mentioned by the hon. member for London (Mr. Jeffery) when he said that in his opinion this was the year that we should have the emergency powers because a certain period of the year was going to be void of parliamentary authority, and that additional powers should be given to the government in the event of an emergency arising.

I might have misunderstood the words used by the Prime Minister (Mr. St. Laurent) with respect to the invoking of the emergency powers, but I am convinced in my mind that the words which he used were such that led me to believe that these emergency powers would not be invoked when parliament was in session.

Some hon. Members: Hear, hear.

Mr. MacDougall: I think I am justified in assuming that was the case, and if it was the case I wonder whether this action was absolutely necessary at the time. I am not going back over the speeches made this morning or this afternoon with respect to the matter, but it certainly would seem to me that it could have been dealt with as the hon. member for Winnipeg North Centre (Mr. Knowles) said, regardless of whether it took five minutes or five hours. Again I must agree with the Minister of Trade and Commerce (Mr. Howe) because I, a very ordinary backbencher, feel that we do waste a lot of time in talking and I do not very much blame him on occasion for getting a little annoyed. Just the same, that is our parliamentary process and it is the fundamental essence of democracy—regardless of what type of political thought dominates the majority in the House of Commons.

Therefore, sir, under those circumstances I cannot believe that it was necessary to take this step in the manner in which it was taken—and because of that I am inclined to believe that in any business or any government mistakes are made. They may be mistakes of omission or of commission, but the fact remains that we cannot be right all the time and no man will substantiate that statement more readily than my good friend the Minister of Trade and Commerce. I think on occasions in the past he has stated that if he was right 40 per cent of the time he was pretty lucky, and I think that goes for all of us. However, I am forced to make the statement although I personally have opposed the granting of emergency powers other than for this year when I did go along with it, that when we are today meeting in parliament assembled so soon after these emergency powers were granted by this parliament, we have been, to say the least and to put it mildly, slightly remiss in our responsibilities.

Further than that I would like to say that the people of Canada, with respect to each and every individual in this house, have attributed to us certain powers of discernment, or at least they thought that we had certain powers of discernment. They thought that those powers were in line with a fairly average intellectual quotient. In other words, if the electorate of Canada figured for one moment that we were low-grade morons they would not have voted for us. They considered that we were above that category and on many occasions when the electorate individually or collectively cannot express their ideas on certain measures in this house they expected that the elected representatives of their ridings would have a sufficient I.Q. to stand up in parliament and put principle before everything else in respect of decisions on things that vitally affect the Canadian people from coast to coast.

That, Mr. Chairman, is the one and only reason I rise in this debate today. As I have already said, like the hon. member for Macleod (Mr. Hansell), I am not a keyhole gazer and I hope I never shall be; but I do maintain that there must be some solidarity to cabinet support of any measure. There is no doubt in my mind that after due consideration the cabinet decided that this was a wise step to take. Someone will possibly say, the cabinet having decided that we should do so, why should Jack MacDougall rise to contradict the opinion of a majority of the cabinet? I do it, sir, because I feel that perhaps the cabinet has made a mistake in invoking this power when the parliament of Canada is in session. I think that my people in Vancouver-Burrard would consider me remiss in my duty if, in an emergency like this, I did not express my opinions in connection with the function of parliament. I care not, sir, whether the majority of the electors of Vancouver-Burrard

agree with me or not; but I maintain that the fundamental principle of the political faith to which I have subscribed all my life is that principle is more than party.

Therefore, sir, I am sorry that I cannot support the government on this measure. I think it is right and proper that I should so express myself amongst my colleagues. I certainly feel that an active, virile democracy, which Canadian blood bought and paid for on the battlefields of the world, is something that is greater to me than any picayune bill regardless of whether it concerns contraband or non-contraband.

Sir, in conclusion I wish to say that, having spoken against the principle involved in this measure, I shall find myself duty bound to oppose it.

Mr. George H. Hees (Broadview): Mr. Speaker, the Minister of Trade and Commerce (Mr. Howe) has definitely left the opinion with me, and I think with other members, that the reason this measure was passed by order in council instead of by the normal channels through the house as an amendment to the shipping act, was that the government felt there would not be sufficient time for it to go through in the regular way. By saying that, the minister is simply stating that the government believed there would be opinions expressed against this measure. After all, Mr. Speaker, it is only by expressing opinions against the measure that a measure is held up.

I think it is obvious, from what has been said in this house since this matter first came up, that this measure would not have met with opposition from any member. All members of this house feel that this is a good and necessary measure to be passed. We object to the manner in which it has been put through. If the government had come before this house and let it be known that it was essential to put this measure through in a hurry, this measure would have gone through this house and the other place in a matter of hours. There is no doubt about that. There is, therefore, no excuse for this measure having been put through by order in council instead of through the normal parliamentary channels.

I should like to ask the minister, if there was this great hurry in this case, then why was this measure not put through a month ago when the British government put it through? This government knew that the measure was going to be put through, and if there was the great haste which the minister has led us to believe there was, the measure could have been put through weeks ago. The excuse that it would have taken too long to put it through the two houses of parliament, is one without foundation.

Now, Mr. Speaker, I think this all goes to illustrate very clearly what we have said many times concerning this government, namely that it prefers to operate by order in council rather than by putting measures through the ordinary parliamentary channels. I suppose that is what you have to expect when a government has been in office for 18 years, and has come to believe that it rules by divine right. Without question this government resents parliament, and wishes we did not sit at all. It would far sooner be allowed to run the business of the country by order in council.

Mr. Howe: It wishes we had a few more mature minds over there.

Mr. Hees: The Minister of Trade and Commerce became very touchy this morning when the hon. member for Eglinton (Mr. Fleming) implied that the minister treated this house with arrogance. To back up what the hon. member for Eglinton was saying, I want to quote from what the minister said last night. It is found at page 4197 of *Hansard* for April 21, 1953, and reads as follows:

> If we have overstepped our powers, I make no apology for having done so.

The Minister of Trade and Commerce does not care whether the government overstepped its powers; he makes no apology to this parliament. They want to do it, so therefore they go ahead and do it. As he said on that other memorable occasion, "If we wanted to get away with it, who would stop us?" If that is not treating this parliament with arrogance, I do not know what is.

I believe that one of the main purposes for putting this Emergency Powers Act into force was a strictly political one. I have reason to believe that one of the purposes which prompted this government to introduce this measure was so that they could do something similar to what they did before the election of 1945 when, exactly 28 days before the election, they brought in sweeping tax reductions on a wide variety of products, by order in council, obviously with a considerable political appeal. I believe that this government intends, after this parliament is dissolved and before the election date, to introduce some measure of state medicine, without having the matter brought before the representatives of the people, before the representatives of the medical profession or the representatives of the provinces. I believe that that demonstrates beyond doubt that this government, in introducing these emergency powers, is far more interested in the political welfare of the Liberal party than in the welfare of the people of this country.

Mr. Howe: You believe also in Santa Claus.

Mr. Angus MacInnis (Vancouver East): I wish to put myself on record, Mr. Speaker, as being opposed to the action that was taken in passing this order in council, not in what the order in council did but in doing it in this manner. I am not sure that we can make the best case in our opposition to this order in council and how it was passed if we are going to follow the line taken by the member for Broadview (Mr. Hees). Let us stick to the matter before us, because I think there is sufficient in that to condemn the government without drawing upon our imaginations for something that may or may not happen.

First of all, may I say that when we were discussing the Emergency Powers Act, I drew attention to the fact that the danger in having such powers was that it was the easy way for a government to do things. If there were anything to be done which seemed a little difficult or a little embarrassing if brought up in this house, then the natural thing for the government to do would be to try and do it the easy way. They would say, "Well, we can do this under the Emergency Powers Act without the bother of going through all the rigmarole of introducing a bill in the house and having it go to the Senate, and all the debate on it in the process." Well now, that is just what has happened. One thing after another comes up, and the government gets into the habit, as any government would, of doing things in the easy way.

Usually I am impressed with the arguments advanced by the Minister of Trade and Commerce (Mr. Howe). I doubt if there is any minister in the cabinet who can bring forth better reasons for doing things, and bring them forth more concisely, than he can. But after reading what he said in regard to this order in council, I must say that he did not make the usual good case. On page 4197 of *Hansard* for April 21, 1953, he said:

> We used the Emergency Powers Act because if there ever was a purpose for which the Emergency Powers Act was appropriate, it was meeting a situation that is causing damage to our efforts in Korea. We were told some time ago that there was a growing trade in war materials into red China and something had to be done about it.

How long ago were they told this? If they were told some time ago, why did they not bring in a bill in the house some time ago and deal with the matter in that way? That kind of argument just does not hold water.

Then he goes on to say:

> Canadian ships will no longer take any part in that trade, although I am happy to say that of the list of ships I saw that had been active in the trade, no Canadian ship was involved.

Let me draw to your attention, sir, the fact that this order in council is effective only against Canadian ships, and if no Canadian ships were involved at this particular time, what was accomplished by passing this order in council that could not be accomplished any time by an act of parliament? I repeat that once you give a government the power to do a thing in the easiest way, that government, no matter what government it is, is going to take advantage of that way of doing things. This house on this occasion should say that it is opposed to governments doing things by order in council that could be done just as effectively in other ways.

I am told on many occasions that this is a Liberal government, which means that it is only a government for people who are Liberals. As far as I am concerned it is my government, too. I am interested in what the government does, and in preserving the integrity and honesty of the government in everything that it does, because it is my government. And when it appears that they are doing things not in the regular, prescribed parliamentary way it hurts me as much as it hurts anybody else. For these reasons this house should condemn the action that was taken, because there was no reason in the world why it should be taken at this time. A bill by this parliament would have dealt with the matter, and I am basing my argument solely on the argument used by the Minister of Trade and Commerce (Mr. Howe).

Mr. E. D. Fulton (Kamloops): Mr. Speaker, I appreciate the fact that ministers have other duties to perform and cannot be in the house at all times, but I think one is entitled to draw attention to the fact that the action under attack at this time is based on the order in council passed on the insistence of and tabled in the house by the Minister of Transport (Mr. Chevrier). One should recognize the fact that apparently the minister taking the brunt of the attack, because he is the minister having entered the defence of the action that was taken, is the Minister of Trade and Commerce (Mr. Howe). But I do think it is a perfectly proper observation for any member in the house to make, to wonder why the Minister of Transport, who presumably assumes responsibility for the situation, has not defended the action that was taken.

Mr. Benidickson: May I make a comment in that respect on a question of privilege? Last evening the Minister of Transport had a duty to perform in Toronto and was there when this debate originated. I had another duty in the city of Toronto the same evening and accompanied him on that trip. The minister was ill. He performed his duty

very creditably notwithstanding the fact that he returned late last night, but is home sick today.

Mr. Fulton: I am glad to hear the explanation. I said that we appreciated the fact that ministers are not able to be here all the time, and I accept of course the explanation—

Mr. Benidickson: Your leader just came into the house.

Mr. Fulton: —as a perfectly satisfactory one. But I wonder why the parliamentary assistant has not entered this debate to attempt to justify a perfectly unjustifiable action. The parliamentary assistant is here. It is significant that there has not yet been heard from the government benches a single statement to justify in detail this action that was taken by the Minister of Transport, although his parliamentary assistant is here.

The absence of the Minister of Transport is explained perfectly satisfactorily, but I believe that no other minister has entered this debate to justify the action, nor has any parliamentary assistant entered it because they know it cannot be justified.

When the Emergency Powers Act was passed we were given a number of explanations as to why the government felt that that act was necessary. As I recall it, one of them was the emergency of an apprehended election. We have heard no other justification; we have heard no satisfactory explanation as to why it was necessary to introduce and pass that Emergency Powers Act. The explanation of that act is that the government insisted it should be done.

It has now been drawn to my attention that there is not a cabinet minister in the house at the moment. I do not know whether I should make any other comment on that, other than saying that probably the reason is they are having a cabinet meeting to decide whether or not they should revoke this order in council. I hope that is what they are doing. But in the absence of any satisfactory explanation as to why the Emergency Powers Act was pushed through this house, we are left with the statement of the Minister of Justice (Mr. Garson) that it was because of the emergency of an apprehended election.

In the light of that statement, Mr. Speaker, we are faced with this situation from which I suggest there is only one obvious conclusion to draw. The government know that it had no basis in fact, no justification in fact, for having insisted on pushing the Emergency Powers Act through the house, and when they contemplated the necessity of justifying that action in the election campaign, in the emergency of an apprehended election, said to themselves: "Well, we had better pass an order in council under the Emergency Powers Act to justify its existence and to justify our having passed it." And so they looked around and they decided: Well, we will dig up a subject which it will be difficult for parliament or anybody in the country to criticize us for having dealt with. And perhaps the best subject for us to pass an order in council on from that point of view is one that will prohibit the shipping of contraband to communist China. That was a ready-made and obvious subject for them to deal with, and so they decided to deal with it by order in council, and bring it into the house and then have a debate on it and use exactly the line of argument which the Minister of Trade and Commerce used last night. In other words, to suggest that there was the necessity for the greatest speed, and that they could not possibly have taken the time necessary to put through legislation to deal with the situation.

I hope, Mr. Speaker, that no member of the house, and I am confident that no Canadian in the country, will fall into the trap which the Minister of Trade and Commerce tried to set last night. They say that in attacking the action of the government in passing this order in council we are attempting to suggest that there is not the necessity of immediate and vigorous action to deal with the possibility of trade with communist China. Of course there is the necessity of immediate and vigorous action to deal with the situation. That necessity is not new; that necessity has existed for over a year. The Leader of the Opposition (Mr. Drew) has been pressing for over two years for legislation to be introduced dealing with the communist problem and the problem of trading with communist countries, and the government has steadfastly refused to introduce such legislation.

Under the guise of emergency, a disguise which is said to be used to dispel all opportunities of criticism, we have the argument that we had to deal with this thing speedily, and therefore an order in council passed under the Emergency Powers Act was the only way with which to deal with it. Never was there a more obvious subterfuge used to justify the existence of a totally unjustifiable piece of legislation, namely, the Emergency Powers Act. We were told that the Emergency Powers Act was to be in existence only as a stand-by to be used in case of emergency.

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

Mr. Fulton: I am a little tired of these questions—but, oh, yes.

Mr. Dickey: Can the hon. member quote to the house where that was said, and by whom?

Mr. Fulton: I hesitate to correct the senior member for Halifax (Mr. Dickey), but I think he knows as well as I do that it is not permitted to quote from previous debates in the same session. And I am not going to allow the hon. member to have an opportunity to suggest to Your Honour that I am out of order.

Mr. Hees: Nice work, Davie.

Mr. Dickey: I challenge the hon. member to find it.

Mr. Fulton: And I suggest to the senior member for Halifax that he look it up in the debates himself, where he will find ample basis for what I have said.

Mr. Speaker: Perhaps I should be more strict, and remind the house that it is against the rules even to refer to a previous debate of the present session on a question not now under consideration.

Mr. Fulton: Well, Mr. Speaker, this order in council, which is the subject of this amendment of the hon. member for Vancouver-Quadra (Mr. Green), is of course based on the Emergency Powers Act. And it seems to me hardly possible to discuss that matter without referring to that circumstance—although, as Your Honour has pointed out, it is not necessary to discuss the merits or otherwise of what was said in debate on the earlier occasion.

Mr. Dickey: Mr. Speaker, the hon. member has made a certain assertion as to what was said in debate, and it is not correct.

Mr. Fulton: We are now told by the Minister of Trade and Commerce (Mr. Howe) that it was necessary to do it by order in council because there was an element of emergency in the situation, in which—

Mr. Howe: I said nothing of the kind, Mr. Speaker.

Mr. Dickey: Misrepresentation again.

Mr. Howe: This man couldn't—well, all right; it is unparliamentary. I intended to say something else.

Mr. Fulton: I can imagine the Minister of Trade and Commerce is rather irritated by the fact that last night I felt it necessary to draw attention to certain inaccuracies in a speech he made over the radio two weeks ago. And now he is irritated—

Mr. Howe: No one listens to those speeches.

Mr. Fulton: I can understand his irritation. If he wants to criticize me, or to say harsh or soft things about me, I can assure him it will not worry me, because it will not be the first time he has said them.

Mr. Speaker: Order. Does not the house think we would make more progress if we discussed the amendment before the house?

Mr. Fulton: I agree with you entirely, and I am endeavouring to do that. And perhaps if hon. members opposite would curb their desire to interrupt I would be able to get along with the task I was trying to do.

I think we have to ask ourselves whether there is in fact any emergency which would justify the passing of this order in council. The Minister of Trade and Commerce in his argument last night relied upon the fact that the British have dealt with it by order in council. I point out to him that the British passed their order in council over a month ago. And if therefore it might conceivably be argued that there was some emergency confronting them, it was not a new subject over there. There could hardly be said to be an emergency confronting us, when apparently it was within the knowledge of the government that they had taken action in Britain to deal with it over a month ago.

I do point out to the Minister of Trade and Commerce and to the house, and ask hon. members to consider this in deciding what attitude they will take when the vote on the amendment is taken, that in the British House of Commons they had the grace to lay on the table of parliament an order in council passed the day before it came into effect. Now, I hesitate to enter into—

Mr. Howe: That was done here.

Mr. Fulton: The Minister of Trade and Commerce says that was done here, does he? I do not think it was. I do not think the Minister of Trade and Commerce is right. This order in council was laid on the table of parliament here on April 20.

Mr. Howe: What day did it come into force?

Mr. Fulton: The order in council was passed on April 17, and it is stated in the order that it will come into effect on April 20.

Mr. Howe: Yes.

Mr. Fulton: The day it was tabled.

Mr. Howe: Yes.

Mr. Fulton: It came into effect on the same day, the day it was tabled.

Mr. Howe: It was passed on the 17th and tabled on the 20th, and came into effect on the 20th.

Mr. Fulton: That is what I said. And in the British House of Commons it was tabled on the day before.

Mr. Howe: That is a great difference! I hope you can win an election on that!

Mr. Fulton: And there we have a perfect illustration of the attitude of the Minister of Trade and Commerce toward parliament. The minister does not think that there is any importance attached to the fact that in the British House of Commons the order in council was tabled the day before it came into effect. Parliament would be entitled to express an opinion or, if it did not express an opinion, could have it examined. But obviously the minister does not think that opinions expressed here matter.

I suggest to you that it does matter to the country whether or not parliament is disregarded because, whether the minister realizes it or not, parliament is elected to represent the people of this country, and the people would like to have the opportunity to express their opinions as to the wisdom or otherwise of government action, before that action is put into effect.

That is the principle which was recognized in the British House of Commons. And, recognizing the importance of parliament, and the importance of getting the opinion of the people's representatives, they tabled their order in council in parliament the day before it became effective. That is the distinction, and that is the importance of the matter which obviously the Minister of Trade and Commerce cannot understand.

Mr. Howe: That is terrific.

Mr. Fulton: That is an importance which the Minister of Trade and Commerce would not be expected to understand or to attach to this matter.

Mr. Howe: One of the best points I have ever heard made in this House of Commons.

Mr. Fulton: I beg your pardon?

Mr. Howe: One of the best points I have ever heard made in this house by my hon. friend.

Mr. Fulton: I do not object to interruptions by the minister; I welcome them, because they illustrate very clearly his supreme indifference to the institution of parliament.

Mr. Speaker: Once again, hon. members are conversing with one another, not addressing themselves to the Chair.

Mr. Fulton: The next point it is important to ask hon. members to consider, when they are deciding how they will vote on this amendment, is the other debating point made by the Minister of Trade and Commerce. Occasionally he does attempt to make a debating point, although when real points are made by others he disregards them and calls them only debating points.

But he attempted to make an argument, in justification of what the government had done, on the basis that to take this action that would prohibit trade with communist China, and to do it by way of legislation, would have taken too much time. In criticism of the amendment moved by the hon. member for Vancouver-Quadra (Mr. Green) he said, as reported at page 4197 of *Hansard*, in an attempt to ridicule the arguments put forward:

> The contraband must be allowed to continue until the usual processes of this parliament are carried out. If any serious result occurs that is just too bad, but it cannot be helped as the opposition has said, "Let it go until we can put a bill through the house."

And then he went on to say:

> We were told some time ago—
>
> "Some time ago."
>
> —that there was a growing trade in war materials into red China and something had to be done about it. It is customary when something has to be done in a matter of this kind to do it and not talk about it.

The minister there was dealing with the suggestion made by the hon. member for Vancouver-Quadra that proper action could have been taken by way of an amendment to the Canada Shipping Act, as was taken in 1938, or by way of an amendment to the Criminal Code. Trying to ridicule that argument, the minister was suggesting that the legislative process took too long, and that parliament was not capable of dealing with an emergency. The minister showed extreme forgetfulness—perhaps not for the first time—of his own previous experience in dealing with legislation in parliament having to do with emergency situations. It was the present Minister of Trade and Commerce (Mr. Howe) who introduced that amendment to the Canada Shipping Act in 1938, which dealt with the shipping of contraband to potential enemy countries.

Just in case the minister has forgotten it, may I remind him that the bill was debated in the house for I should judge only three quarters of an hour on February 11, 1938. The debate started on page 372 where it is indicated that the minister moved the second reading of the bill. The debate continued on second reading and in committee up to page 382, and at that time the bill had been dealt with completely in committee except for one clause. Then the Minister of Trade and Commerce, who is so scornful of the procedures of parliament as they are applied today and of parliament's readiness to deal with

emergent situations, is on record on page 382 of *Hansard* as having said:

I move, Mr. Chairman, that the committee rise, report progress and ask leave to sit again.

On that occasion the debate was adjourned on the motion of the Minister of Trade and Commerce. The bill was not debated again until May 30 of the same year, and on that date it was not debated at all. Perhaps I should read what occurred, and I quote from page 3346 of *Hansard* of that date as follows:

The house resumed from Friday, February 11, consideration in committee of Bill No. 9, to amend the Canada Shipping Act, 1934—Mr. Howe—Mr. Sanderson in the chair.

On section 1—Prohibition of shipment of articles of war to countries in a state of war.

Right Hon. Ernest Lapointe (Minister of Justice): Mr. Chairman, I understand this section was discussed fully in committee, but was not passed on the former occasion in order to permit any further observations hon. members might wish to make.

Section agreed to.

Bill reported, read the third time and passed.

The bill was debated for a total of 10¾ pages of Hansard in 1948 and that bill dealt with trading in contraband with potential enemies of the country. Is the Minister of Trade and Commerce seriously going to suggest that a parliament which would pass an important measure dealing with a matter involving the interests of Canada in a debate taking up a total of ten pages of *Hansard*, or at the maximum perhaps three-quarters of an hour, in 1938 would not deal in the same expeditious manner with an equally important measure today?

Mr. Howe: This is a totally different opposition.

Mr. Fulton: What does the minister mean by that?

Mr. Howe: There is no resemblance at all. The opposition in 1938 was a business opposition.

Mr. Fulton: And this opposition is what?

Mr. Howe: You name it.

Mr. Speaker: Order.

Mr. Fulton: I think the difference is—

Mr. Speaker: Is this examination in chief or cross-examination or what? I think all hon. members should address the Chair.

Mr. Fulton: So do I. I think the situation is that the opposition has not changed, but the government has changed. In 1938 we had a newly-elected government which was mindful of its responsibilities to the people; in 1953 we have a government grown too used to power, a government grown careless of its responsibilities to the people of Canada. I point out to you that the indications that we have had from the attitude of the government with respect to this matter show clearly that it is not the opposition that has changed. The opposition is just as willing to deal expeditiously with a matter of importance to Canada as was the opposition in 1938. But the government has changed completely its attitude.

In 1938 the government dealt with this matter by way of legislation although we still had the War Measures Act on the books. The change in the situation is that they did not have the Emergency Powers Act on the books so the government was forced to deal with it by way of legislation. That is the difference. It is a difference in the government, not a difference in the opposition. It is a difference in the fact that the government now has the Emergency Powers Act right in its hand and so it does not have to introduce legislation. It does not want to introduce legislation because it finds it convenient to deal with it by order in council although all the evidence points to the fact that it was not necessary to deal with it by order in council. It was merely more convenient to deal with it by order in council and it was a ready-made way of by-passing parliament.

The same minister who is advocating this action today is the minister who introduced the legislation in 1938 and he sits over there making these pitiful excuses in a solitary attempt to justify this highly and completely improper action which has been taken by his government, deserted by his colleagues except for the Minister of Public Works (Mr. Fournier), who is after all the leader of the house and will support his colleague to the hilt.

Although I have not been privileged to observe a meeting of the cabinet, even through a keyhole, I point out that we could not have had a more clear or definite illustration of the way in which power corrupts. The same minister who dealt with this legislation in 1938 then went through all the wartime years when he dealt with matters by orders in council and spent more of the money of the Canadian people than any other minister has ever spent in the whole history of this parliament. He has become used to perpetuating emergency powers and has grown used to that way of governing. It now comes to the point where instead of introducing legislation to deal with exactly a similar situation he prefers to deal with it by order in council. He is so forgetful of past history, he is so forgetful of his own past experiences, he is so forgetful of the relationships which should govern the attitude of the government

in its responsibilities to the people that he is willing and happy to rely on these poor excuses, not realizing, because he has grown so used to this method of governing, that he is doing something which if persisted in will completely destroy the institution of parliament.

Mr. Howe: May I ask my hon. friend one question. I ask this from an eminent lawyer for purposes of information. If instead of passing this order in council by virtue of the Emergency Powers Act the government had passed it by virtue of its powers under the Canada Shipping Act, what would have been the views of my hon. friend?

Mr. Fulton: I think the minister told us last night that it could not have been done under the Canada Shipping Act.

Mr. Howe: It was a very close decision.

Mr. Fulton: I take it that in that instance the government decided to be governed by the law. They felt that it would not be legal to do it under the Canada Shipping Act.

Mr. Howe: I am not sure.

Mr. Fulton: Until the minister is sure, perhaps he will not ask me to answer a hypothetical question.

Mr. J. W. Noseworthy (York South): Mr. Speaker, when the resolution preceding the legislation pertaining to emergency powers was up for discussion on February 20 I asked the Minister of Justice (Mr. Garson), who was then steering the legislation through the house, a question which is reported on page 2281 of *Hansard*. I asked him first:

> Will the minister outline to us just what situations have arisen during the past two years wherein the interests of the country would have suffered if the government had not possessed these powers?

My second question was:

> —will the minister outline to us definitely what situations he visualizes may occur that will demand the exercise of these powers by the government when they could not possibly be exercised by parliament or by calling parliament?

In answer to my first question the minister replied as follows—

Mr. Dickey: May I ask the hon. member from what he is quoting?

Mr. Noseworthy: I am quoting from *Hansard*, page 2281.

Mr. Fournier (Hull): This session?

Mr. Dickey: My point is that I believe the hon. member is quoting from a previous debate in the same session, which I understand is out of order.

[Mr. Fulton.]

Mr. Noseworthy: It is a question whether we are now discussing the Emergency Powers Act which was passed or the amendment raised by the opposition.

Mr. Speaker: The house is debating the amendment which has been proposed by the hon. member for Vancouver-Quadra. It is not in order to quote from a debate during the present session on another subject. I have not stopped a reference to that debate. Someone raised the question during the address of the previous speaker, and I then pointed out that if the rules were enforced strictly even a reference to a previous debate would be out of order, although I had not stopped such a reference. This is the first time any hon. member has attempted to quote directly from that debate, and it would not be in order.

Mr. Noseworthy: Am I in order to quote the minister's statement in answer to my questions on that occasion?

Some hon. Members: No.

Mr. Speaker: Unless there is unanimous consent I cannot allow it, and there does not appear to be unanimous consent.

Mr. Noseworthy: Instead of quoting directly I shall simply refer to the fact that when that measure was under consideration the minister deliberately pointed out to us that the government wanted those powers because between now and August, 1954, there must of necessity be a general election, there must of necessity be a period during which there would be no parliament, and if during that period a state of war or other emergency arose it would be necessary for the government to have the powers which the Emergency Powers Act confers upon it. The minister who guided that measure through parliament, if not in actual words certainly by implication, assured us that the government wanted these powers to be available in case of such an emergency. The opposition not once but many times—

Mr. Dickey: I rise on a point of order.

Mr. Noseworthy: Why not make your own speech?

Mr. Dickey: I intend to speak. As a matter of fact I rose at the same time as the hon. member, but he caught the Speaker's eye and I did not. My point of order is that I think the rules of parliament are quite clear that there should be no reference to or quotation from previous debates in the same session. I believe Your Honour also indicated the principle earlier today when you indicated to the hon. member for Kamloops that the prohibition was really to any reference to

a previous debate. The position in which we are getting ourselves in this particular debate is that these references are being made to alleged statements in a previous debate. When I speak I intend to simply say that these suggestions are not based upon fact and that the imputations as to what was said at that time are not correct.

But if hon. members are going to be permitted to quote indirectly, surely Your Honour will have to permit some answer to be made. I do not think that is the purpose of this debate or that it would be proper to have an extended debate on what was said in a previous debate in this session. I would submit that if you are going to permit the hon. member to continue his present argument it will be necessary for you to permit one or more speakers from this side to transgress the rules of the house as well.

Mr. Speaker: I regret that this matter was not brought to my attention previously. Hon. members will recall that during the day a number of speakers have referred to the debate on the emergency powers bill. I did intimate that it was not in order to do so. If it is the wish of the house I can enforce the rules strictly. I certainly do not intend to allow a revival of that debate at this time. I shall be guided from time to time by the remarks which are made by hon. members. If the hon. member for York South has a brief reference to make, I shall allow him to do so, but I hope he will not pursue this subject unduly.

Mr. Noseworthy: Mr. Speaker—

Mr. Drew: Mr. Speaker, speaking to the point of order, without engaging in any extended debate at the moment I need not remind Your Honour that the purpose of the rule to which reference has been made is to avoid the revival of a debate or debates in the same session. That is the thought which must be borne in mind in examining the effect of what is done. In this particular case there is a motion before the house which seeks an expression from the house that it was not proper to proceed in the manner in which this matter was dealt with on this occasion. It would seem to me that in such a case it is appropriate to make reference to such assurances as were given as to the kind of action that would be taken under the act which gave the government the power to pass the order in council under discussion.

Mr. Speaker: As the Leader of the Opposition has said, the purpose of the rule is to prevent the revival in the same session of a debate that has been concluded. It seemed to me that the hon. member for York South was going so far that it might have resulted, and if he continues it might result, in a revival of that debate. I would therefore ask him to restrict his reference to that debate as much as possible.

Mr. Noseworthy: My point was that when that measure was before the house the government gave no impression whatever that the power was needed for use under such circumstances as it was used in the matter of this present order in council.

The Minister of Trade and Commerce has indicated that the government did the right thing in what he believed was the right way. The government has done by the issuing of an order in council exactly what opposition members and some government supporters felt the government would do at the time the Emergency Powers Act was before the house. The government has used the powers conferred upon it by that act, at a time when parliament was in session, to deal with a matter that could have been dealt with at any time during the six weeks preceding the passing of the order in council. It was a matter which could have been brought before parliament, and if the government had respected the powers of parliament it would have been brought before parliament instead of being introduced by way of order in council.

It was the wrong way to bring that matter in, by order in council, at a time when parliament was in session. It was the wrong way to bring that matter in by order in council six weeks after the matter had been brought to the attention of the government by the officials of the United Kingdom parliament, six weeks after the government had the measure under consideration; and the only excuse the Minister of Trade and Commerce (Mr. Howe) gives, which he gave last night, is "We did it without too much debate. It was done promptly."

Now, Mr. Speaker, if that is to be the standard by which we are to judge the efficiency of parliament then let us have all government legislation done without too much debate and done promptly—by executive orders, which is exactly the way Stalin throughout his regime did things in Russia, and exactly the way in which Hitler in his regime did things in Germany. Why have a parliament at all if the criterion of success of that parliament is to be getting things done without too much debate and getting them done promptly? Certainly any cabinet, any government, can do things by executive order much more promptly than they can be done through the democratic processes of parliament.

That, Mr. Speaker, is one of the arguments used against democracies and democratic institutions by those who favour dictatorships. It is simply one more example of what has been said by many in the press and on the

platform and all across this country, that today Canada is not being governed by this parliament but by a small group of cabinet ministers. Today we have government by that small group, and certainly through the medium of orders in council that small group can get things done without too much debate and can get them done very promptly.

I was rather surprised to find the Minister of Trade and Commerce in a Liberal government holding up as an example the executive action of a Conservative government in the United Kingdom and the executive action of a Republican government in the United States. That, it would seem to me, is a new departure in Liberal political history. I think you will have to go back a long way before you will find any other Liberal leader excusing his action on the ground that similar action was being taken by Conservative executives in other countries. Of course times have changed. Time may even have changed the old Liberal party. It is just possible that the Liberal party under the leadership of the present Prime Minister (Mr. St. Laurent), the Minister of Trade and Commerce and a few other cabinet ministers is in actual fact the Conservative government of this country, probably more Conservative than the Conservative government in the United Kingdom. That may be the reason the Minister of Trade and Commerce holds up as an example the executive action of a Conservative government in the United Kingdom.

Government by cabinet is very easy. They can get things done. Government by order in council can get things done without too much debate, and it can get them done promptly; but it is not democratic government, and no good reason has been given to us why the order in council now under consideration could not have been brought before parliament in a democratic way.

The hon. member for Kamloops (Mr. Fulton) pointed out that the cabinet may be wanting to justify their action in asking for these powers and, consequently, may have had recourse to an order in council which they knew no member of the opposition would want repealed. We are not questioning the content of that order in council; what we are questioning is the government's, the cabinet's disregard of the fact that parliament was in session and that there was opportunity—there had been ample time, there had been six weeks since the government's attention was called to this by Mr. Eden—for the matter to have been brought before parliament and for parliament to pass upon it. The action of the government is a distinct slur upon this parliament and a direct indication that as far as the present cabinet is concerned they feel they can get things done without too much debate and much more promptly by order in council than by using the democratic processes of parliament.

Mr. J. H. Dickey (Parliamentary Assistant to the Minister of Defence Production): Mr. Speaker, I shall not detain the house for more than a moment but I do think in view of several statements that have been made in this debate that I should perhaps say a word.

When the hon. member for Kamloops (Mr. Fulton) was speaking I felt that I should have risen on a question of privilege, but I decided that the better course would be to wait and speak briefly when he had finished. There is a rule of procedure in this house, Mr. Speaker, which prevents members from imputing motives to their fellow members. I consider that the argument made by the hon. member for Kamloops, in imputing motives for not speaking to members of the government, parliamentary assistants and other members who are supporters of the government in this house, was clearly an improper implication of motive and a completely inaccurate assessment of the facts. That, of course, is perhaps not surprising but I can assure hon. members that the motive he imputed to us is not correct, and that is one of the main reasons that I rise to speak.

The hon. member then went on to construct a most devious argument which was just a moment ago supported by the hon. member for York South (Mr. Noseworthy). They imputed a motive to the government as to why this order in council was passed. I think that probably was also out of order. Certainly it is completely incorrect, and all that argument can possibly prove is the kind of devious mind that would think of it.

Now, Mr. Speaker, the motive of the government in passing this order in council is, I think, crystal clear and will be crystal clear to the people of Canada. The motive is to co-operate with our partners in the North Atlantic alliance in doing anything that we may be required to do to prevent the possibility of Canadian vessels engaging in contraband trade with our enemies in Asia. That has been done. I think not only parliament but the Canadian people would expect the government to do that job in an efficient and legal way. As has been indicated in this debate, there is a grave question as to whether or not it could have been done effectively and legally under the Canada Shipping Act. The Emergency Powers Act clearly indicates that the kind of executive

action that has been taken in this case is specifically the kind of executive action that the act authorizes the governor in council to take. There can be, therefore, no question as to the legality or effectiveness of the order in council.

The act requires the government, in passing orders in council of this kind if parliament is in session, to place the order in council before parliament within five days. That has been done. I submit there has not been the slightest suggestion of any action on the part of the government that is in any sense a slight to parliament or a derogation from parliament's duties.

The hon. member for Kamloops (Mr. Fulton) and the hon. member for York South (Mr. Noseworthy), as well as several other members of the opposition, have, by reference to the debate in this house on the Emergency Powers Act, given rise to a completely false impression. I questioned the hon. member for Kamloops when he was speaking, but he obviously misunderstood my question. I did not ask him to quote from any debates in this house. I simply asked him to inform the house where, when, and by whom any such statement as he was suggesting had been made. He avoided answering that question by indicating that he was prevented from quoting by the rules of the house. I was aware of the rule of the house, and did not ask him to quote. I was aware also of the rule of the house to which Your Honour drew attention, indicating that in his reply he had shown he was out of order in the line of argument he had been following.

I simply want to say, Mr. Speaker, that the impression which it has been attempted to create here, that the action that has been taken by the government is one which was indicated would not be taken in that previous debate, is completely incorrect. It is a misrepresentation of what was said in that debate.

Mr. George A. Drew (Leader of the Opposition): It seems, Mr. Speaker, that there has been some departure from the purpose of the motion before the house. The motion makes it clear that what is sought is a declaration from the members of this house that they do not approve the procedure that was followed in this case. There is no substantial issue introduced by this motion as to the subject matter of the order in council. In response to a statement to that effect, some suggestion came from the government that it did not make very much sense to object to something simply because the procedure was wrong if the result was right.

The government have made it clear, both in the debate which is now in *Hansard* which took place last night and in the discussion which has taken place today, that in their opinion if the result is right the method does not matter. That is the fundamental point in issue. Under any dictatorship many good things may be done by dictate. Many people, however, object to government by dictate. They prefer government by elected representatives through their executive body, where the executive body has that power, and through parliament where it should be the responsibility of parliament to decide any question that may arise. By dictate a dictatorship may build good roads, may construct good hospitals, may do a number of things that would, in themselves, be to the advantage of the people of that country. It may give good medical services or might do a number of good things by dictate. But it is generally conceded that a bad method does not become good simply because a bad method happens, on particular occasions, to produce satisfactory results.

We have seen all too much evidence within recent years that shortcuts which challenge the responsibility of parliament under the name of efficiency, speed and the avoidance of delay can prove very dangerous and have, in fact, proven dangerous for the whole world. In this case the method was wrong. No matter what the subject matter of the order was, it was particularly wrong because of the reasons given earlier this session for the renewal of the Emergency Powers Act. In that respect, Mr. Speaker, I should like to make reference to the order which has been mentioned on different occasions earlier this afternoon. It is obvious that there is a substantial misconception as to what the rule really is. The rule to which reference has obviously been made is rule 293, and it reads as follows down to the end of part (a):

> Besides the prohibitions contained in this standing order, it has been sanctioned by usage both in England and in Canada, that a member, while speaking, must not:
>
> (a) refer to any debate of the same session on any question not then under discussion;

The words that are important in what I have read are "not then under discussion." The rule is intended to avoid the renewal of debates which have already been disposed of at a time when the subject matter is not under discussion. In this case, Mr. Speaker, I submit that what took place in the debate prior to the adoption by a majority of this house of the measure which was designed to re-enact the Emergency Powers Act is very relevant to the discussion of this motion, because we sought at that time to find out

why it was that the government asked to have these wide and sweeping powers renewed on this occasion.

It will be recalled by hon. members that there was a long debate on the Emergency Powers Act. That debate was lengthened because the government failed to give any satisfactory explanation as to why it wanted that legislation re-enacted. Over and over again we urged the government to give us illustrations of the kind of circumstances which would call for special powers of this nature. We were told that while the house was not in session some situation regarding box cars might arise that would call for action. We were told that while the house was not in session something might arise—

Mr. Fournier (Hull): On a point of order, I do not want to interrupt, but the hon. gentleman is just repeating and not observing the rules of the house. He tried to make us believe that the same question was under discussion today by quoting citation 293, referring to any debate of the same session on any question not then under discussion. The Emergency Powers Act was discussed, voted on, carried and came into force. The terms of the Emergency Powers Act are on the statute books. It was passed this session. I believe the hon. gentleman knows that he cannot revive that debate. He is a very skilful speaker, and I noticed the trend he was taking to distract our attention so he could repeat what he said and what others said in that debate. I think the Leader of the Opposition (Mr. Drew) wants to comply with the rules of the house, especially after the ruling made by Mr. Speaker today. In view of that I do not believe he will insist on continuing that trend.

Mr. Drew: I was referring to the reasons that were given for the adoption of this legislation. The motion now before us refers to the propriety of the proceedings that were taken on this occasion. I am pointing out that amongst the very vague and uncertain explanations which were given as to reasons for adopting the emergency act under which this order in council has been passed, not one suggestion was made that powers were sought to deal with something relating to the shipping of this country.

We did point out that if special powers were sought in relation to shipping or transport, it would be wise to introduce amendments to the Canada Shipping Act or to other acts now in force; that the administrative power of the government would then be defined by the act itself; that it would be necessary for the government to be dealing with administrative powers under the general authority of an act which related to a particular subject; that whatever objections we may have to administrative orders at any time, they are not so objectionable if that administrative authority is conferred by some act which relates to a particular subject and gives administrative authority in relation only to that particular subject.

There is a reason why this is of immense importance in this discussion. It is quite clear that the order in council which has been passed by this government, and which was tabled on April 20, is part of some understanding between the government of Canada, the government of the United Kingdom and the government of the United States. Let us see then what the situation is. The government of the United Kingdom dealt with this subject by order in council on March 13 as a result of the understanding between these governments in regard to the need of something of that kind. This government obviously knew of that situation, because it has been indicated to us that this was part of a general agreement. Therefore this government knew on March 13, at the very latest, of the need for some legislative provision of this kind.

The Emergency Powers Act was under debate in this house until March 26, thirteen days later. Although this government knew that it was called upon to act either by legislation or by order in council to deal with this subject, not a suggestion was made to hon. members that this act was to be used for the purpose of dealing with that particular subject. No; reference was made to box cars, to elections and to other things of that kind, but not to the subject now under discussion, not to something that as the result of an understanding was dealt with by order in council in the United Kingdom thirteen days before this bill became law in this house on March 26. It was on March 26 that we had the last explanation of the reason the government sought these wide powers.

The government sought these wide powers, according to the government itself, to meet unforeseen exigencies. This was not an unforeseen exigency; this was an exigency that had already arisen, had been discussed, and in regard to which the government of the United Kingdom had acted thirteen days before. Mr. Speaker, the question of government responsibility, of government good faith, is raised by these dates and by the explanation given by the government itself as to the relationship between the order in council passed in London on March 13 and the explanations given to this house for the necessity of passing the Emergency Powers Act as late as March 26. No, Mr. Speaker; if the government, with knowledge that it

was going to act under the Emergency Powers Act, withheld that information from hon. members, then what other act may be contemplated by now of which we have had no explanation whatever?

The government has introduced the subject of elections into this debate. Therefore it cannot be suggested that this is brought in gratuitously. Since the government is obviously thinking so much of elections in discussing this particular subject, then it is possible that it is withholding from this parliament certain things of great importance which we have asked to have brought before the house, so that they may deal with these things under this very act at some later time when their conduct cannot be examined and the propriety of the details of the measure placed before hon. members.

Mr. Hees: That is the answer.

Mr. Drew: After all, we do not know. We do know that in this particular case the government of the United Kingdom had acted thirteen days before we were told that there was nothing definite in the mind of the government, but simply that they wanted stand-by powers.

Then we are told there are other reasons why this course was followed. We were told this afternoon that the motive of the government is crystal clear. Well, of course, it all depends from which side one looks at this subject. You know, Mr. Speaker, there has been some indication that certain members supporting the government are sensitive when there is any hint of motives on the part of the government. We have listened to hon. members opposite suggest motives over and over again. We have heard members on the other side of the house impute motives of supreme purity to the government, motives such as no government ever possessed even in the best governed countries. Apparently it is only when one does not impute the kind of motives the supporters of the government attribute to it that there is anything wrong in imputing motives.

Most certainly hon. members must ask the government why this course was followed. It is no explanation to say that it was necessary so we could co-operate with our associates in the North Atlantic Treaty Organization. It was known on March 13 that something of this kind was going to be done, and this is April 22. Legislation could have been introduced and dealt with long ago, which would have disposed of this subject in a proper, parliamentary way.

Then there is another point which should be disposed of. It is perfectly true that there has been extended debate on many measures that have come before the house. There was extended debate on the bill concerning the Emergency Powers Act, under which this order in council was passed. And there should have been an extended debate. Indeed, it is clear to me that the debate should have been even more extended, because it is obvious that the government contemplated taking action which it did not disclose to hon. members when they asked us to pass the bill.

The members of this House of Commons who should be demanding explanations now are the members who voted for that bill. They are the ones who accepted the explanation given by the government. They are the ones who said that this was only to meet some unforeseen circumstances in the future, when the house was not in session. They are the ones who acted with that assurance. They are the ones who should be asking now that the government give an explanation for this extraordinary procedure taken so short a time after the bill was passed.

And there is something else demanding an explanation from the government. Again this is something about which hon. members who voted for the bill continuing the Emergency Powers Act should be anxious to learn. It was only as recently as April 20 that the Canada Shipping Act was before the house. That is the act that deals with Canadian shipping, the very same subject matter that is dealt with by this order in council. An order in council had already been passed on April 17. The time when orders in council are ordinarily tabled is when the house meets, immediately after the opening. Why did not the Minister of Transport (Mr. Chevrier) table that order in council when the house opened on April 20?

Mr. Howe: Do you want an explanation of that?

Mr. Drew: Yes.

Mr. Howe: The reason is that an order has to be sent to the governor in council for signature before it is available for tabling. It was passed on Thursday, and it was not returned in time for tabling on Friday. Therefore it was tabled on Monday.

Mr. Ross (Souris): Why not on Monday morning?

Mr. Drew: It was tabled in the house after the Canada Shipping Act bill had been passed. The order in council had already been passed, and the bill concerning the Canada Shipping Act was coming up on Monday. If the minister had wanted to have the Canada Shipping Act dealt with on Monday, he could very easily have obtained the signature of the governor in council to that order in council before eleven o'clock, and had it tabled in the ordinary way. Then hon. members would have known that this had been done.

Certainly members of the house want something done to prevent the shipping of supplies to any enemy, real or potential. We have been asking for that for two years. Over and over again we have sought some action in regard to the Ming Sung company, which was trading with the enemy, and doing so under the Canadian flag and by special permission from this government. This was a subject of great interest. The government finally did the very thing we had been asking it to do. And this was a matter of very real interest when the Canada Shipping Act was being discussed in the house.

I suggest that those hon. members on the other side of the house who voted for the continuation of the Emergency Powers Act, with the assurance from the government that it was to deal only with unforeseen exigencies in the future, should ask the government why it was that the Emergency Powers Act was invoked, and that information in regard to that action was withheld until after the Canada Shipping Act had been disposed of. It was only after the act was passed that, following a very unusual procedure in circumstances of that kind, the Minister of Transport then tabled his order.

There is another reason why those who voted for the Emergency Powers Act should now be asking for an explanation from the government. While it is true that there are extended debates on many occasions, members of the government know perfectly well that a number of measures have passed through this house in a single day, where reasons for prompt action were discussed in advance and substantial argument put forward in favour of speedy action. Hon. members will recall the way in which legislation in connection with the foot-and-mouth disease was dealt with. It was put through as rapidly as possible.

Mr. Howe: Two days.

Mr. Drew: Yes, two days. A similar order in council was passed by the government of the United Kingdom on March 17. If this subject had been discussed here on the same day, this would have been law on March 18; and we have now reached April 22.

There are other occasions where this course has been followed. When the government in this instance points out that the matter was dealt with by order in council in Great Britain, I would ask it to inform the house that in Great Britain it is the practice for the head of the government to inform the leader of the opposition of any administrative order of this kind, in advance, so if there is any objection it can be indicated before the order is tabled in the house and becomes effective. That is the procedure which the government could tell us is the general practice in England in regard to matters of this kind.

Since we have been asking for something of this nature, and since we have objected to the shipping of goods and supplies to those who are actually engaged in a very real war against our young men, we most certainly would have supported legislation dealing with this subject; and it would have been passed promptly by the house several weeks ago. That explanation simply does not hold water at any point. It simply adds insult to injury when hon. members of this house are asked to swallow an explanation of that kind.

The real and important issue before us is that the government has made it clear that it does not feel bound by any of the assurances given to this house when the Emergency Powers Act was passed. That is something that hon. members on the other side who voted for that act should bear in mind. This order in council serves notice on this house that the government accepts no limitations arising out of the assurances it gave prior to the passing of that act.

In this case it was no future and unforeseen exigency, it was something that had been done ten days before by the government of the United Kingdom when this house finally, after long debate and over the objection of the opposition, passed the Emergency Powers Act.

I submit that the most serious thing of all is that in this particular case we see very little evidence on the part of the government that they are concerned in any way about what they have done. This is the statement by the government, and I emphasize "by the government". We are not dealing here with the action of any single minister or the explanation of any single minister; we are dealing with the action of the government of Canada under an act which received third reading on March 26 after certain assurances had been given to this parliament.

That government, already knowing they were going to be called upon to do something of this nature, offered no indication to the house; they withheld all indication of this when the Canada Shipping Act was before the house as recently as April 20. They denied to hon. members in general the opportunity to discuss this in the form of legislation, and when perhaps legislation could have been improved and extended. That is something I should like to point out.

During the course of this session there have been a number of improvements made in legislation as a result of the acceptance by

the government of suggestions from the opposition. While it is true that on occasion members of this government show little inclination to listen to arguments in regard to legislation, the fact remains that from time to time they have accepted suggestions. In this very session a number of suggestions from the opposition have been incorporated in legislation.

This is an important subject, and we should have been given a chance to examine it since we have been asking for it for two years. When the government finally acceded to our request to do something, we should have had a chance to see whether this met all our suggestions or whether there were improvements which could have been put into effect.

We have been told that the Canadian people would expect the government to act in a legal way. Yes, the Canadian people not only expect the government to act in a legal way, the Canadian people expect the government to respect parliament. The Canadian people believe in the business of this country being returned to the control of the people themselves through their elected representatives in this house. It is in the face of those circumstances, circumstances in regard to which members opposite should be asking questions and demanding explanations, that we have the statement of the government which stands as the position of the government in this debate, as reported at page 4197 of *Hansard* of April 21, as follows:

> If we have overstepped our powers, I make no apology for having done so.

In other words, no matter how far we have exceeded our authority, no matter how far we have denied the responsibility of parliament, no matter how far we have challenged the supreme authority of the people through their elected representatives, we apologize for nothing as long as we can get away with it. That is the position of the government.

It is to direct attention to that situation that this motion is before the house. I would hope there would be some reassurance to the people of Canada in the fact that members on the opposite side would rise now and demand from the government some explanation as to why the government has acted under this Emergency Powers Act as they have instead of introducing legislation in the house and having it dealt with in the proper parliamentary manner.

The house divided on the amendment (Mr. Green) which was negatived on the following division:

YEAS

Messrs:

Adamson
Beyerstein
Blackmore
Blair
Brooks
Browne (St. John's West)
Bryce
Cardiff
Casselman
Charlton
Churchill
Coldwell
Courtemanche
Coyle
Drew
Fair
Fairclough, Mrs.
Fleming
Fraser
Fulton
Gagnon
Gibson
Gillis
Graydon
Green
Hansell
Harkness
Hees
Herridge
Higgins
Hodgson
Jeffery
Johnston
Jones
Knight
Knowles
Lennard
Low
MacDougall
MacInnis
MacLean (Queens)
McGregor
McLure
Montgomery
Murphy
Nickle
Nowlan
Pearkes
Poulin
Quelch
Robichaud
Ross (Souris)
Shaw
Stanfield
Stewart (Winnipeg North)
Thatcher
Thomas
Tustin
White (Hastings-Peterborough)
Wright
Wylie—61.

NAYS

Messrs:

Anderson
Applewhaite
Ashbourne
Bater
Beaudoin
Benidickson
Bennett
Black (Chateauguay-Huntingdon-Laprairie)
Blanchette
Blue
Boisvert
Boivin
Bonnier
Boucher
Bourget
Bourque
Bradette
Bradley
Breton
Brisson
Brown (Essex West)
Bruneau
Byrne
Cameron
Campney
Cannon
Cardin
Carter
Cauchon
Cavers
Cleaver
Corry
Cote (St. Jean-Iberville-Napierville)
Cote (Verdun-La Salle)
Crestohl
Croll
Dechene
Decore
Demers
Denis
Deslieres
Dickey
Dube
Dumas
Dupuis
Eudes
Eyre
Follwell
Fontaine
Fournier (Hull)
Fournier (Maisonneuve-Rosemont)
Fulford
Gardiner
Garland
Garson
Gauthier (Lake St. John)
Gauthier (Portneuf)
George
Gingras
Gingues
Goode
Gour (Russell)
Gourd (Chapleau)
Gregg
Harris
Hellyer
Helme
Henderson
Henry
Hetland
Hosking
Howe
Jutras
Kent
Kickham
Kirk (Antigonish-Guysborough)
Kirk (Digby-Yarmouth)
Lafontaine
Langlois (Gaspe)
Lapointe
Larson
Leduc
Lefrancois
Lesage
Little
Macdonald (Edmonton East)
MacNaught
Macnaughton
McCann

McCulloch	Roberge
McCusker	Robertson
McDonald (Parry Sound-Muskoka)	Robinson
McIlraith	Rooney
McIvor	Rousseau
McLean (Huron-Perth)	St. Laurent
McMillan	Schneider
McWilliam	Simmons
Major	Sinclair
Maltais	Sinnott
Martin	Smith (Moose Mountain)
Masse	Smith (York North)
Monette	Stick
Mott	Studer
Murray (Cariboo)	Tremblay
Murray (Oxford)	Valois
Nadon	Viau
Nixon	Ward
Pouliot	Warren
Prudham	Weaver
Ratelle	Welbourn
Richard (Ottawa East)	Whiteside
Richard (St. Maurice-Lafleche)	Whitman
	Wood—136.

Mr. Catherwood: I was paired with the hon. member for Kent, Ont. (Mr. Huffman). Had I voted, I would have voted for the amendment.

Mr. McCubbin: I was paired with the hon. member for Middlesex East (Mr. White). Had I voted, I would have voted against the amendment.

COLLECTION BY MANITOBA OF ALLEGED OVERPAYMENTS TO OLD AGE PENSIONERS

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, before Your Honour leaves the chair there is another matter that I feel I should raise in the house at this time. It arises out of discussions that have taken place in the house—on orders of the day at any rate—with regard to the relations between the federal department of health and welfare and the province of Manitoba, in respect of the collecting of alleged overpayments made to persons while they were in receipt of the pension under the former Old Age Pensions Act. I do not now need to go into all the details to arrive at the grievance which is now before us, but there are one or two points in the history of this matter which I believe I should indicate to the house.

Shortly after the new Old Age Security Act came into effect some of us began asking for the repeal of the former Old Age Pensions Act so that living pensioners would not be hounded for the repayment of alleged overpayments. These alleged overpayments arose because in 1950 or 1951 some persons received other income which gave them a total slightly in excess of the ceiling that was in effect at that time. The feeling on the part of those people was that since the means test was being abolished they should not be penalized the next year by being asked to pay back the alleged surplus out of their old age security pensions of only $40 per month.

In due course all the provinces of Canada except Manitoba discontinued the effort to collect any of these alleged overpayments. Manitoba, however, continued until very recently to hound these older people to make repayment of these alleged overpayments. There was considerable discussion back and forth as to whose responsibility it was, whether it was that of Manitoba or that of the federal government; and quite a volume of correspondence was exchanged between Ottawa and Winnipeg with respect to this matter. I have read it with interest although I must say it is very technical. After trying a number of times to put a question to the minister on the floor of the house in a way that would get action, I think it is fair to say that I finally succeeded in doing that on January 29 of this year as recorded at page 1435 of *Hansard*, where I put a supplementary question to a question I had already put to the Minister of National Health and Welfare (Mr. Martin). This is from *Hansard*:

> Mr. Knowles: May I ask a supplementary question? Can the minister say whether this practice is being pursued in any other province than Manitoba?
>
> Mr. Martin: What is the question again? I want to make sure so that I can give a correct answer.
>
> Mr. Knowles: I asked the minister if he can say whether the practice referred to in my question is being pursued in any other province than Manitoba.
>
> Mr. Martin: No.

That was a very brief answer, but it did the trick. It annoyed the provincial government of Manitoba to be publicized in that way, as the only province in the country that was still exacting repayments from these living pensioners.

May I interject at this point to say that in this discussion today, and in that question of January 29, the reference is only to one phase of this matter, namely to the collecting of overpayments from living pensioners. The issue I am discussing now does not relate to the matter of collecting from the estates of deceased pensioners. That is another matter.

However, as a result of the statement made to this house by the Minister of National Health and Welfare that Manitoba was the only province that was still doing this, as I have already said the government of Manitoba became annoyed and more letters were exchanged between that provincial government and the Minister of National Health and Welfare or his deputy minister. As a matter of fact, that correspondence is all a matter of public record because in response to a

motion of mine which was passed on February 9, 1953, this correspondence was all tabled on March 16, 1953, in the form of sessional paper No. 89A.

At any rate, as the result of another exchange of correspondence between the Minister of National Health and Welfare and the minister in Manitoba, Hon. Mr. Bell, Manitoba joined with the rest of the provinces of Canada by discontinuing the practice of collecting this money from these living pensioners. We were very glad that Manitoba saw fit as a result of the little word the minister said in this house—the one word "no"—to discontinue that practice.

Now, Mr. Speaker, I think in the light of what I will come to in a moment as the present grievance, I should point out that there was a dispute, highly technical and highly legal, as to who was to blame for the continuation of this practice in Manitoba. At any rate I think it is fair to say that the letter which the Minister of National Health and Welfare wrote to Mr. Bell on February 9, 1953, certainly was the kind of letter that gave Manitoba the green light to discontinue the practice of collecting these overpayments. It is a long letter of some six pages, so I shall not read it all; but the minister pointed out in this letter that at the end of 1951, when the time was running out for the former means test pension, his deputy, Dr. George F. Davidson, wrote to the various provinces and asked them to supply Ottawa with a list of the persons who owed money on account of alleged overpayments.

There are some little details that I need not give, because I do not think they materially affect the story. In due course the minister said this, on page 4 of the letter:

> It was assumed that after supplying the lists complete to December 31, 1951, the provincial authorities would leave the matter there and await a final decision from Ottawa as to the further action which the federal government itself would decide to take under section 95(3) of the Financial Administration Act, or the further action, if any, which the federal government might wish to suggest that the provinces themselves should take.

Then the minister went on to point out that because of that assumption that the provinces would leave the matter there, the other nine provinces did just that and discontinued the practice of collecting these overpayments. May I point out that most if not all of the other nine provinces discontinued that practice as from January 1, 1952, the day the Old Age Security Act came into effect. Well, I think the Hon. Mr. Bell, the minister, and the Manitoba government were perfectly justified on receipt of the letter of February 9 from the minister in taking the position that they now had the green light to discontinue collecting these alleged overpayments. The Manitoba government also decided that they had been wrong in making the collections which they had made between January 1, 1952 and February of 1953 when the practice was discontinued.

As I say, I was most annoyed that the Manitoba government followed this practice for so long, but having expressed that annoyance I must now congratulate the provincial government, even if they had to be prodded into it by a statement from the minister here, on finally discontinuing the practice. I find now that the Manitoba government desires to go one step further, and it is a very logical step. That government has decided that if it was the only province of the ten that was collecting this money during that period of 14 months, it was wrong for it to have made those collections; and if it was wrong for it to have made those collections, it should now refund them. By reference, for example, to the Winnipeg *Free Press* of Thursday, April 16, 1953, I find that the Manitoba government has decided to make restitution. The provincial government decided it should never have collected that money from these people. No other province in Canada was doing it. They had the green light to discontinue the practice, as well as a rebuke from the Minister of National Health and Welfare for doing it, so the Manitoba government has introduced, and I presume the legislature has passed, legislation to provide for repaying that money which was wrongfully collected.

Mr. Martin: I do not think the hon. member really wants to use the word "rebuke" because that does not really represent the situation. If I did not point that out, then my hon. friend would argue that I had acquiesced in the term he has used. It may suit his purpose, but it does not really represent the situation.

Mr. Knowles: I accept the minister's interjection. I am absolutely certain that he did not intend what he said to be a rebuke. As a matter of fact, if you read the whole of his answer under date of January 29, 1953, to which I am referring now—the answer to my initial question—you will discover that it is as carefully worded as the minister's answers always are. It is clear that he did not intend it to be a rebuke, but the Manitoba government took it as a rebuke. It was as a result of their annoyance over being publicized as the bad province in the country that this change came about.

At any rate, as a result of the publicity to which I have just referred, and as a

result of the minister's letter of February 9, the Manitoba government has discontinued the practice. Now they have gone one step better. Mind you, I do not think they have any particular credit coming to them for going that one step better. I think it follows that they should take that step, once they came to realize that they were wrong in collecting the money. The only proper course for the Manitoba government to follow is to repay that money. I understand from the press that the government of the province introduced a bill to make provision for repaying some $14,000 all told to these 385 persons. I emphasize again that these are living persons. These are people over 70 years of age, and in many cases considerably more than 70 years of age. Their only income now is the present old age security pension. There is no question of estates being involved in this at all.

Now, to get on with the story, I may say that Manitoba has decided to make this restitution; but in the meantime, following the law, Manitoba remitted to Ottawa 75 per cent of the money which had been collected from these living pensioners. This was in accordance with the law because the former old age pension under the means test was paid 75 per cent from the federal treasury and 25 per cent by the province. When there were any collections for overpayments, therefore, the amount collected had to be divided in that same proportion. It appears now that the Manitoba government has not yet been assured by Ottawa that Ottawa will return that 75 per cent.

That, Mr. Speaker, is my grievance. I am sorry it has taken quite so long to get to it, but I felt it was necessary to give the background so the house would understand it. Let it be clear that I think Manitoba was wrong in the first place because it collected this money, but Manitoba stopped collecting it because of the letter written to Mr. Bell by the Minister of National Health and Welfare on February 9. After reading the minister's letter they felt they had been wrong in collecting this money during the previous 14 months, so they decided that the money should be returned to the people from whom it had been collected.

Mr. Martin: Will the hon. member help me a little bit? He says that as a result of the correspondence that has ensued between the federal government on the one hand and Manitoba on the other we have indicated Manitoba was wrong in collecting the money. My hon. friend uses a group of words that, again, I do not think really depicts the situation. I think he ought to point out what the law is and where the obligation rests to carry out that law, and then from that the situation will flow in the clarity which I know he would want to give it.

Mr. Knowles: I know of no better way to demonstrate the clarity which the minister attributes to me than by quoting from his own letter. I find on page 4 of the letter of February 9, which he wrote to Mr. Bell, after the paragraph which I quoted a while ago, the following:

> In the case of the other nine provinces—

That is, the other nine apart from Manitoba.

> —this is exactly what happened,

That is, that in the case of the other nine they discontinued collecting these overpayments. I go on from the letter:

> —and the statement which I made in reply to a question recently in the house is literally correct, namely, that no province with the single exception of Manitoba has been endeavouring to take further action on its own initiative with respect to the recovery of these overpayments. Since these lists have been furnished to us the federal government has recognized and accepted this position. It has not objected or written to any of these provinces to insist that they continue to make further efforts to recover these overpayments.

What does that mean, Mr. Speaker? It means that the federal department wrote to each of the provinces at the end of December, 1951, and said to them: "You furnish us with a list of the people who might owe any of this money, and let the matter rest there until some decision has been made." The other nine provinces took that as an indication that they need not collect any of this money that had been overpaid. Manitoba did not take it that way; but when Manitoba received this letter I think Manitoba was perfectly justified in feeling that they misunderstood the previous correspondence and that it was a mistake, shall I put it, on their part to have made these collections. If they were led to feel that it was a mistake on their part I think they did the right thing in deciding to refund that money. I also think Manitoba is perfectly justified in expecting Ottawa to return to Manitoba the 75 per cent of that $14,000 which in the meantime Manitoba had remitted to Ottawa.

If Ottawa is not prepared to remit that 75 per cent, look at the discrimination that results, emanating from Ottawa, as between living pensioners in one province and living pensioners in the other nine provinces of Canada. It would mean that roughly $10,000 would be in the federal treasury, collected from living pensioners in Manitoba on this basis; whereas there would be no such

money in the federal treasury collected on that basis from living pensioners in the other nine provinces of Canada.

Every time the minister has got up to interrupt me during the course of these remarks I dared to hope that he was going to take my speech away from me by stating that this issue had been settled favourably. I hoped the minister would say that negotiations between Ottawa and Manitoba on this point have now been concluded with the result that 75 per cent of that $14,000 will be refunded to Manitoba, so that Manitoba in turn can pass it back to these 385 pensioners in my province from whom this money was collected.

The case is unanswerable, Mr. Speaker. We are really amazed that there has been any delay on the part of the federal government in dealing with it in a fair and proper way. It has been a sorry story across these past 15 or 16 months, the way in which people who drew pensions under the former Old Age Pensions Act have been hounded by the ghost of a means test which supposedly died so far as those 70 and over are concerned on December 31, 1951. It is particularly annoying to me that this should be done with respect to older Canadians in only one province. It has also been annoying the way in which this has been tossed back and forth between provincial and federal governments.

I think both governments have been to blame. I certainly do not give the Manitoba government a clean bill of health in this matter. I feel that long ago they should have interpreted that letter, the one back at the end of 1951, in the same way the other nine provinces did; but they did not do it that way. Since they made the mistake of collecting the money, they had to be brought to time in the way I have indicated.

It seems to me that this government should now put this matter on an even keel across the country by refunding the money that Manitoba sent to Ottawa, so they can give back in full what they collected from these 385 pensioners and end this sorry story on a much more pleasant note than it has had up to this time.

Hon. Paul Martin (Minister of National Health and Welfare): My hon. friend, in his zeal, I think has not given the house—I know he has not done it intentionally—the true situation. As my hon. friend knows, under the Old Age Assistance Act administration of the measure –

Mr. Knowles: The minister means the Old Age Pensions Act.

Mr. Martin: Yes. Administration of that act is left to the provinces, and if the provinces choose to collect overpayments that is something that flows from a responsibility that arises out of its assumption of the administration of the Old Age Pensions Act.

After the passage of the Old Age Security Act Manitoba continued to recover overpayments that had been made in connection with the Old Age Pensions Act. What my hon. friend is asking me to do is to accept the responsibility for the action of a province. My hon. friend knows perfectly well that is neither a fair suggestion, nor is it one that I can possibly accede to. The provinces administer this measure in accordance with agreements executed between Canada on the one hand and the provinces on the other.

My hon. friend referred to the letter I wrote to Mr. Bell on February 9. Since he has done so I think it should be placed on *Hansard* in its entirety to indicate what the situation is. While the letter is a little long, I propose to do that. On February 9 I wrote to the minister of health and public welfare in Manitoba as follows:

Dear Mr. Bell:

I have your letter of February 2 on the subject of overpayments under the former Old Age Pensions Act. I think there is a good deal of misunderstanding and confusion about this matter, arising in part at least out of the fact that a number of separate questions have at various times been under discussion and the subject of correspondence.

I note, for example, that in one of the Winnipeg papers for Tuesday, February 3, you are quoted as being "amazed" at what I said recently in the House of Commons in reply to a question on the subject of overpayments; and you are alleged to have indicated that it was the opposite of what I told you in letters written March 4 and April 8, 1952. If you will examine the text of those letters, you will see, I am sure, that nowhere did they refer to, touch upon or deal with the subject of overpayments at all. Those letters dealt rather with the subject of recoveries from estates and with the repeal of the Old Age Pensions Act. They were written in reply to letters directed to me by your predecessor Mr. Schultz under dates of February 20, March 11 and March 15; and once again, if you will examine those letters and the resolution of the Manitoba legislature which prompted Mr. Schultz to write me on those occasions, you will see that Mr. Schultz' letters and the resolution passed by the Manitoba legislature dealt similarly with the questions of recoveries from estates and the repeal of the Old Age Pensions Act, and that, in fact, the resolution passed by the Manitoba legislature specifically excluded the question of recovery of overpayments from the subject matter of its recommendation.

I have carefully reviewed all the correspondence that has passed between this department and your department on the subject of overpayments, and

so far as I have been able to discover, this subject, as distinct from recoveries from estates and the question of the repeal of the Old Age Pensions Act, has never been dealt with at any time in correspondence between Mr. Schultz, your predecessor and myself. Most of the correspondence between our two departments has dealt with the questions of the repeal of the act and recoveries from estates, and very little has been directed to the question of overpayments.

I note, however, that in a letter dated January 3, 1952, my deputy, Dr. Davidson, wrote to your Mr. McNeill—as he did to the corresponding officials of all provincial governments—setting forth the legal position and advising as to the attitude of the federal government on the subject of overpayments. In that letter, it was pointed out that, so far as the legal position goes,—

And I think it is important to emphasize this.

—overpayments are technically and legally debts owing by the pensioner to the provincial government, and that consequently the collection of them was basically a provincial responsibility. It was pointed out further that the Old Age Pensions Act had not been repealed, and that the legal position of the provinces with respect to the recovery of overpayments was therefore the same as it had always been, and that this would continue to be the case until the actual repeal of the Old Age Pensions Act.

Having thus outlined the legal position, Dr. Davidson then went on to point out that the means by which the provincial pension authorities had traditionally endeavoured to recover overpayments,—namely, suspension of pension or partial reduction,—would no longer be available to them after December 31, 1951, when pensioners were transferred to the new Old Age Security Act. In recognition of this fact, the federal government had included a provision in its Financial Administration Act, which made it possible under certain circumstances for the federal authorities to take over from the provinces the responsibility of further recoveries by way of deduction from federal payments such as old age security. In consequence of the passage of this new legislation, Dr. Davidson requested the provincial authorities in Manitoba and in the other provinces to undertake the preparation of lists of all outstanding overpayments as at December 31, 1951. He further indicated that if these lists could be prepared on the basis of certain detailed information which he outlined in his letter, it would facilitate the task of the federal authorities and, in the final instance, of the federal treasury board in determining the steps which the federal government should take under section 95(3) of the Financial Administration Act to effect recovery of these overpayments.

I have dealt in some detail with the contents of this letter of January 3, 1952, because, so far as I can determine, it is the only letter which has ever dealt in any detail with the position of the federal government respecting overpayments. An identical letter was sent under the same date to each of the provincial pension authorities. In every case without exception, the provincial authorities complied with the request that lists of overpayments should be prepared and furnished to us. In the case of two provinces, these lists are not yet complete, but despite that, I think it can be fairly said that all the provinces complied substantially with our request.

Mr. Knowles: Underline the next paragraph.

[Mr. Martin.]

Mr. Martin: I think the whole letter is worth underlining, because it correctly sets out the situation. It continues:

It was assumed that after supplying the lists complete to December 31, 1951, the provincial authorities would leave the matter there and await a final decision from Ottawa as to the further action which the federal government itself would decide to take—

And I add, in parentheses, pursuant to its legal obligations under section 95 (3) of the Financial Administration Act.

—or the further action, if any, which the federal government might wish to suggest that the provinces themselves should take.

In the case of the other nine provinces, this is exactly what happened, and the statement which I made in reply to a question recently in the house is literally correct,—namely, that no province with the single exception of Manitoba has been endeavouring to take further action on its own initiative with respect to the recovery of these overpayments since these lists have been furnished to us. The federal government has recognized and accepted this position. It has not objected or written to any of these provinces to insist that they continue to make further efforts to recover these overpayments.

And I add again, by way of parenthesis: For the simple reason that it had no authority to do so. Any policy of seeking overpayments is a matter that is dependent entirely upon the competence and the authority with which the provincial government itself has endowed itself. Then the letter continues:

We have not insisted or pressed the provinces to make further efforts to recover these overpayments because we recognize that with the transfer of these pensioners to the old age security rolls, the provinces are no longer in touch with the individuals concerned and consequently have not the facilities which they formerly possessed for the effective recovery of the amounts which have been overpaid.

But while the federal government accepts this position, it remains true that the Old Age Pensions Act is still in existence,—

Again, by way of parenthesis, I must emphasize that it is still in existence. It is the law of the land; and no minister or any combination of members from this side of the house or from the other side has any power to halt the operation of something that is still the law of the land. Then, to repeat the first part of this paragraph:

But while the federal government accepts this position, it remains true that the Old Age Pensions Act is still in existence, and that the technical legal obligations resting upon the provincial authorities in connection with this legislation remain essentially as they were before the act ceased to be operative. This being the case, you will readily understand, I am sure, why it is not possible for me, as the minister charged with the responsibility for administering the act, to direct an instruction or even a request to any provincial authority asking or authorizing it to disregard what are undoubtedly its legal obligations under the act. As I said in another connection in my

letter of March 4, 1952, to your predecessor Mr. Schultz, "we have not told the provinces that they should or that they should not continue to make recoveries from estates". Likewise, we have not told the provinces that they should or that they should not continue to make further efforts to recover overpayments. All that we can do is to point out the legal position as it now exists and as it will continue to exist until a proclamation is issued by the governor in council setting the date for the repeal of the Old Age Pensions Act in accordance with section 13 (2) of the Old Age Security Act.

Having thus set forth what is undoubtedly the technical legal position, I must say that I do not feel called upon in my capacity as the responsible federal minister to do more than that. It is then for each province to decide on its own initiative what it wishes to do or what it will do in this matter of overpayments. Nine provinces have taken no further steps to recover overpayments due to them since they submitted their lists as requested in the early part of 1952. I have not objected to that course of action in the case of any province.

And I might have added that I would have had no authority to do so.

The province of Manitoba has exercised its undoubted right (since these overpayments are technically and legally debts due to the crown in the right of the province of Manitoba) to make further attempts to recover these overpayments. That again is undoubtedly the right of the province of Manitoba, and I have had no quarrel with that either. All that I have said—and this continues to be my position—is that while such collections are undoubtedly made in conformity with the federal law (i.e. the regulations and the agreement made under the law), these overpayments are legally a matter for the provincial government, since they are without question debts owed to the province and not to the federal government.

With this explanation, I trust it will be possible for the Manitoba authorities to come to a satisfactory decision as to their future policy with respect to the recovery of overpayments.

I should add, in fairness, that when I made the statement in the house that Manitoba was the only province, naturally I acted upon information I was given. I find, however, that my statement was not entirely correct, and that there had been some smaller payments made in at least some provinces. I wrote to Mr. Bell and pointed that out to him, as I now point it out to the house. I think the correspondence gives the details.

Mr. William Bryce (Selkirk): Mr. Speaker, I must say something about this because I have had a great deal of correspondence with some of these old age pensioners who have had to return overpayments. The letter read by the minister was too long for me to grasp and perhaps if I had the supper hour in which to digest it I might speak differently about it. If the Manitoba government collected this money, they collected it according to the law that we passed in this parliament. If eight or nine other provinces did not collect it, why should the old age pensioners in Manitoba be penalized? I do not think it is fair. An article in the Winnipeg *Free Press* of Thursday, April 16, states that the federal government has declared that it is not in a position to refund this 75 per cent of the overpayment collections. The article went on to say, however, that it was understood it might change its mind on this score.

I hope the government will change its mind and straighten out this matter. It is a disgrace to treat old age pensioners like that, as they find it hard enough to live on the $40 they are getting without having anything taken away from them.

Mr. Martin: I know my hon. friend wants to be fair, but he is complaining about a situation in his own province. I am sure in the light of the law as contained in the letter which I have quoted, if the situation is as he indicated he would want to address his remarks to the proper authority. The hon. member for Winnipeg North Centre (Mr. Knowles) has done on other occasions what my hon. friend is now doing, that is to completely disregard the law as it is. He is trying to impose upon us an obligation which does not rest upon us. If the hon. member would further peruse the letter which I have just read, perhaps he would think differently.

Mr. Bryce: It is all right for the minister to talk about a letter, but let us use a little common sense. I do not have any respect for people who would chisel old age pensioners in Manitoba. They have allowed money to be collected from them. If the minister tells me that he is going to give it back to them I will sit down immediately.

Mr. Martin: I think my hon. friend is perhaps one of the most fair-minded members in this house. Would he not agree that the last people in the world who would want to chisel old age pensioners would be not only my hon. friend but every hon. member of this house including the minister who is now speaking? Surely the government that has introduced the most comprehensive old age security legislation in the world cannot be charged with a responsibility which rests upon another authority.

Mr. Bryce: I am only going to say that if the government do not pass legislation to refund that money to Manitoba, then they are chiselling on both the provincial government and the old age pensioners.

Mr. J. A. Ross (Souris): Mr. Speaker, the minister read us a very lengthy document.

Mr. Martin: It was a pretty good one.

Mr. Ross (Souris): I imagine it is, as the minister usually does a fairly thorough job with this sort of thing. But it seems strange to me that one province should have collected these old age pensions to the extent that it did. After all, I give the Manitoba government credit for being reasonably efficient in the matter of collections, even though I do not agree with all they do. I do not think that they could have misunderstood the situation to the extent that they would be the only provincial government that continued collecting these overpayments.

Mr. Martin: My hon. friend's words will go to Manitoba, and for that reason I ask him to allow me to intervene. That is what I said when this question was first posed. But I had a look at it and I saw I was in error and that there were some other provinces who had made some overpayments. Those provinces are sovereign bodies just like this parliament. What my friend should do is to address himself to the proper authority, not to the government which has no control of this matter.

Mr. Knowles: If the minister regards the provinces as being sovereign in this respect, will he not respect the right of the province of Manitoba to refund this money by giving back to them the 75 per cent which was sent here?

Mr. Martin: My hon. friend is not doing now what he has done on other occasions, that is to argue on behalf of old age pensioners; he is now arguing for the treasury of the province of Manitoba.

Mr. Knowles: I am asking you to put that treasury in a position to refund this money to the old age pensioners to whom it belongs.

Mr. Martin: What my hon. friend is saying is that the government of the province of Manitoba, having collected certain amounts that had been overpaid to certain pensioners, having done that within their perfect legal right and having now decided that perhaps that course was undesirable, they propose to make a refund. We had nothing to do with that and the hon. member is asking us to reimburse the province of Manitoba for what might be regarded as a mistake or as the result of a reconsidered policy which they pursued. I submit to my hon. friend that the submission he is making is not on behalf of the old pensioners but on behalf of the treasury of the province of Manitoba, and is a wholly defenceless position.

Mr. Knowles: As the Minister of Trade and Commerce would say, nuts.

[Mr. Martin.]

Mr. Ross (Souris): I have taken up this matter in the past with the minister, and I cannot understand why the provincial government would have to collect it.

Mr. Martin: Under the British North America Act the provinces have the right to make laws affecting property and civil rights. If in respect to old age pensions a province decides to impose liens in order to guarantee against fraud, or if it decides to adopt a certain policy of recovery of overpayments under certain conditions, that is a power which it can exercise without any interference whatsoever from the federal government. That is what the province of Manitoba and some other provinces have done. There is no power on earth or under the constitution of this country which would permit us to interfere with that.

If I did interfere, what would happen? I would be told by hon. members that we were establishing a centralized authority, that we were interfering in provincial matters. They would be right in saying so. I say with great respect that this is a matter that comes exclusively within the powers of the provincial government, and that that is the answer to my hon. friend's question.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Ross (Souris): Mr. Speaker, at six o'clock I had almost finished my remarks on the motion to go into committee of supply. I merely want to suggest to the Minister of National Health and Welfare that I think these people have some claim on the federal authorities with respect to overpayments of old age pensions. The situation has been left in a rather uncertain state right now in the province of Manitoba. It has been stated that the authorities there are going to make these repayments, but it is not at all clear whether or not they are going to undertake to pay the 75 per cent which was turned over to the federal authorities when they collected it.

Having regard to the uncertain position in which this matter was left at the end of 1951 as between the minister and the provincial government of Manitoba, I would think there is some obligation on the federal government to reimburse these people. The minister says we are speaking for the provincial treasury, but my concern is that the recipients themselves be reimbursed. Whether it be through

the provincial department or the federal authorities, they should get the money.

Mr. Martin: The recipients are getting the money.

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

DEPARTMENT OF FINANCE

General administration—

105. Departmental administration, $1,670,515.

Item stands.

LEGISLATION

The Senate—

200. Allowance in lieu of residence, $3,000.

Item stands.

DEPARTMENT OF TRADE AND COMMERCE

General administration—

426. Departmental administration, $588,333.

Mr. Fleming: Mr. Chairman, the estimates of this department afford an opportunity of reviewing the trade position of the country. In his speech last Friday evening the Minister of Trade and Commerce reviewed this subject as he sees it and also made some comments on the condition of internal trade in Canada following the lines of the budget speech made by his colleague, the Minister of Finance, some two months ago. It is to be observed that the estimates of the department this year amount to $17,316,971, an increase of approximately $400,000 over those of the previous year.

The approach of the official opposition to this matter is based upon a recognition of the fundamental importance to Canada of her export trade. Indeed, in a very real sense the maintenance of our markets abroad and the maintenance of a high and profitable standard of export trade is of the lifeblood of this country. We have been competing with France for the last several years for third position among the trading nations of the world. On a per capita basis our exports in 1952 amounted to approximately $575. In this respect we can compare the United States, whose per capita exports amounted to $170. On a per capita basis we are practically three and a half times their figure, and we are nearly double the per capita figure of the United Kingdom. Indeed, on a per capita basis we export less only than Hong Kong and New Zealand. Last year a quarter of our gross national production went to the export market.

I mention these facts to emphasize the extent of Canada's dependence upon healthy export markets for the maintenance of a strong Canadian economy. We were happy indeed to see that the figures reflected that in the year 1952 our exports did expand and Canada's external trade reached the highest figure in her history. But, Mr. Chairman, we must not be led by contemplation of these figures into assuming that all is well with Canada's trading outlook, or that we can afford to sit back and be complacent in the face of certain hard facts. There was not much indication in the statement made by the Minister of Trade and Commerce last Friday evening that some of these facts have received that recognition on the part of the government which I think they should receive. Some of the figures, while they look very good and are indeed a matter of gratification to us all, nevertheless bring little comfort to some sections of the Canadian economy.

The weakness in Canada's trading position at the present time, if one may sum it up in a sentence, lies in the loss of our markets for many of our agricultural products abroad, and principally the loss of the United Kingdom market, the traditional market for many of our agricultural products. Today we are selling no cheese to the United Kingdom for the first time in our history. We are selling hardly any bacon, pork, poultry, eggs, milk, beef, apples, fish and other food products. The loss of these markets has been a very serious challenge to the well-being of the Canadian economy. We are faced with a great surplus of pork in Canada. Figures have been given of 100 million pounds, with 40 million of it in the form of canned pork on hand. This surplus exerts a heavy pressure on our market, on the prices our farmers are receiving for their products.

These are all the direct result of the loss of the United Kingdom market for these important agricultural products. The problem is, how shall these markets be recovered? The Minister of Trade and Commerce in his speech on April 17 did not seem to be unduly concerned. In fact it would be correct to say that he did not display any particular concern over the loss of these markets; for in characteristic fashion, he summed up the situation at page 4063 of *Hansard* in these words:

> The simplest way I can describe the present economic situation in Canada is to say that at no time in the past have Canadians been more prosperous.

Well, Mr. Chairman, let the Minister of Trade and Commerce say that to some of the farmers of this country. The minister undertook to tell the house also that the government has done everything possible to recover our traditional markets, by which I assume

he meant the markets for our agricultural surplus in the United Kingdom. Mr. Chairman, it will take a great deal more than that mere assertion on the part of the Minister of Trade and Commerce to convince the people of this country, and particularly the farmers of this country, that the government has done everything possible to recover our traditional markets. Perhaps, however, we may recognize this change of attitude shown in the minister's statement. He is at least recognizing the fact that the country under this present administration has lost those traditional markets. Hitherto we have been hearing only airy and confident statements from the treasury benches to the effect that things were never so good in the country before. Well, tell that to the farmers who have lost their traditional markets for bacon, pork, poultry, eggs, milk, cheese, fish and other products.

Let us have a look at some of the figures issued by the minister's own department on this subject. I have the dominion bureau of statistics daily bulletin for February 10, from which I read:

> Accrued net income of farm operators from farm production declined by $255 million in 1952, a drop of 12 per cent from the record level established in 1951. This decline is largely attributable to a severe drop in livestock prices of between 20 and 25 per cent, and a 10 per cent rise in farm operating expenses. The record wheat crop of 688 million bushels was of excellent grade, and initial prices were unchanged; but these factors were not sufficient to offset the developments mentioned above.

Mr. Lesage: Foot-and-mouth disease.

Mr. Fleming: Yes, foot-and-mouth disease did enter into what happened to the prices for livestock in this country, but that is not the whole story. These markets have been lost, and we are not satisfied that this government has made the resolute efforts required to recover them. The government has shown too characteristic an attitude of sitting back and viewing everything with complacency.

The government are making much of the fact that they were represented at the prime ministers' conference last autumn. Well, Mr. Chairman, it is to be remembered that we waited a good many years for this conference to be called before any steps were taken in that direction, and all the while our markets in the United Kingdom and abroad for our agricultural products were contracting. Yet when we brought the matter up in the house it was turned down every time. On October 21, 1949, as found in *Hansard* at page 1023, we moved for the calling of a conference of the nations of the commonwealth "for the purpose of working out arrangements to preserve and enlarge those traditional markets on which jobs and opportunities for Canadians very largely depend". What was the fate of that proposal put forward in the interests of the Canadian agricultural producers? It was defeated, Mr. Chairman, by the Liberal majority in this house. They voted solidly against it.

Let us come down to 1950, when a similar motion was introduced on behalf of the official opposition in this house. On February 28, 1950, as recorded at page 308 of *Hansard*, this amendment was moved:

> this house is of the opinion that the government should take immediate steps to convene at the earliest possible date a conference of the nations of the British commonwealth and the countries of the empire to devise policies to restore our lost markets, and thereby to provide jobs for our Canadian people.

What was the fate of that proposal? The same fate, Mr. Chairman; it was defeated by the Liberal majority in this house, with every Liberal in the house voting against the proposal.

Coming down to 1952, on June 3 of that year the Leader of the Opposition moved this amendment:

> this house is of the opinion that the government should consider the advisability of taking steps to convene at the earliest possible date a conference of the nations of the British commonwealth to seek means by which there may be convertibility of commonwealth currencies, and to explore all the possibilities for restoring and enlarging those traditional markets upon which our prosperity so largely depends.

What was the fate of that motion? The same as that of the others; it was defeated in this house by the Liberal majority, with every Liberal voting against it.

Of course, Mr. Chairman, great virtue is claimed for the fact that the government was represented at the prime ministers' conference in London in December. While we are glad to have seen Canada represented there, we have not forgotten that the effectiveness of such a conference would have been much greater if it had been called long before; and it was not called long before because this government decided against it. The conference of last December was belated. The government went into that conference with a lack of enthusiasm, as reflected in its attitude in the house on the occasions to which I have referred.

Now, Mr. Chairman, I should like to say a word on the subject of wheat. It is a matter of very great satisfaction indeed that while our exports to the United Kingdom of other agricultural products were declining, and indeed were being cut off entirely, our exports of wheat to the United Kingdom did increase substantially in 1952. Indeed, our exports of wheat moved up approximately 40 per cent in value, from $441 million in 1951 to $621 million in 1952.

An hon. Member: Almost 50 per cent.

Mr. Fleming: No; an increase of something like 40 per cent. Our flour exports to the United Kingdom rose just slightly. But, Mr. Chairman, lest we sit back on our oars let us remember that even taking account of the increase in 1952 in exports of wheat to the United Kingdom over 1951, nevertheless the total of such exports was not sufficient to make up, as is pointed out in the quotation I read from the dominion bureau of statistics bulletin, for what the farmers in this country have suffered through loss of income from other products.

In this year, 1953, we have more wheat to sell than ever before. Indeed, the big carryover in this country presents a serious problem. The dominion bureau of statistics daily bulletin of April 13 puts the problem in this way:

> Supplies of wheat remaining on or about March 1 this year in the four major wheat exporting countries—United States, Canada, Argentina, and Australia—for export and carryover at the end of their respective crop years amounted to 1,468,200,000 bushels, some 66 per cent greater than the 885,600,000 available a year ago, according to the March issue of the bureau's wheat review.
>
> Supplies on March 1 this year (in millions of bushels) were as follows, with last year's figures in brackets: United States, 668·2 (411·6); Canada, 533·3 (391·2); Argentina, 160·3 (2·1); and Australia, 106·4 (80·7).

So, Mr. Chairman, you can see at a glance that in every one of those four exporting countries the carryover of wheat is substantially greater than a year ago. This bulletin proceeds:

> Exports of Canadian wheat as grain in February amounted to 14,000,000 bushels, the lowest monthly total for the current crop year, states the bureau's wheat review. Wheat shipments during February may normally be expected to be lower than those of other winter months, but an additional factor this year was the strike of elevator workers at several of the larger west coast terminals normally handling a substantial share of the export movement. Although this year's February wheat exports were some 4,700,000 bushels lower than in January and 4,600,000 below those of February 1952, they were 3,800,000 greater than in February, 1951.

Now, Mr. Chairman, we are soon to have in this house a debate on the new international wheat agreement, and I do not intend to attempt to anticipate that debate or the course of it. However, before I leave this subject of wheat after commenting on the effect of this big carryover and the problem that it presents for the whole Canadian economy, I must comment that it must be a matter of disappointment to all Canadians that the United Kingdom has not seen fit to subscribe to the wheat agreement.

This agreement is of very great importance to Canada. The assurance of a market for our wheat is of the most vital importance, not only to the agricultural economy of this country but to the whole national economy. We have only to think of what happened several months ago to recognize the danger that would confront the economy of this country if the United Kingdom should transfer to Russia or other countries, for instance, even a substantial portion of her wheat purchases. We had an example in January last in the scare that was created when a report was issued that Great Britain was turning to Russia for the purchase of 600,000 tons of wheat. The scare which resulted is just an example of the feeling of concern we must have in this country for the whole future of the marketing of our wheat. An agreement without Britain subscribing, when she is the leading wheat importer in the world and particularly for Canada, is after all something like the play without Hamlet.

The United Kingdom market for our wheat is fundamental to our national prosperity. Whatever may be the reasons which have led the United Kingdom government to their decision not to adhere to this agreement, whether it be that the maximum price of $2.05 was 5 cents more than they wished to pay or whether it was some antagonism toward bulk buying, nevertheless it is a matter of very great concern indeed to all Canadians.

I have not time at this stage, Mr. Chairman, to say as much as I wished to say on the subject of raw materials and the extent to which Canada could strengthen her economy by the greater processing of raw materials at home. The economy of this country has been immensely strengthened by the extent to which we are now able to draw upon domestic sources for oil, which used to be a major import from the United States. Notwithstanding discoveries of vast ore bodies in Canada, iron and its products still remain a major factor in the import situation in this country. In 1952 our imports of iron and its products from all countries amounted to $1,407 million, of which we purchased only $122 million from the United Kingdom and $1,231 million from the United States.

Now, Mr. Chairman, I should like to say a word concerning our trading relations with the United States. Geography has dictated that our trading relations with the United States shall always be intimate. Political factors oftentimes have had a contrary influence. In the past three years, 1950, 1951 and 1952, our imports from the United States rose in both amount and percentage. Our exports to the United States in 1952 were approximately the same in value as in 1951, while the percentage they represented of the total of Canadian exports dropped from 59 per cent to 54 per cent, and in the first two months of this year our exports remained stable.

There is a feature of our trading position with the United States which is not new. In 1950 our import balance in trade with the United States, as it is now euphoniously called, was just $80 million; in 1951 it increased to $479 million, and in 1952 to $628 million. This is a continuing problem for the Canadian economy, the extent to which we are confronted with an import balance in our trading relations with the United States. It is quite true that the United States is our best customer, but we are her best customer. The difference in amount, Mr. Chairman, is something that is fundamental in our whole trading position. It is the danger that results from a country placing most of its trading eggs in one basket.

In the case of the United States, in 1952 she took 54 per cent of our exports and supplied us with 74 per cent of our imports. In other words, Mr. Chairman, 64 per cent of this country's trade, export and import, with the world was done with one country, the United States. While our political and economic relationships with the United States may be on the whole very satisfactory, and on the political side are certainly an inspiration to the world, nevertheless there are very great economic dangers in this condition of unbalance between exports and imports. Indeed, the Minister of National Revenue recognized this, for he is reported in the Toronto *Globe and Mail* of September 12, 1952 in these words:

> Canada's economic position, at present strong, also has a weakness, Revenue Minister McCann told the National Tax Association at its 45th annual conference in the Royal York Hotel yesterday.
>
> "That weakness is that Canada depends so much upon the United States," said Dr. McCann. "Canadians can never be freed from the fear of a slump in the U.S., for which we would not in any way be responsible and which we could do little to control."

There is a commendable recognition of the problem. It is a continuing problem of serious proportions when we measure the strength of our trading position. Wherever we may expand our exports to the United States, let us bear in mind that that is no adequate substitute for the loss of markets in the United Kingdom, because of the fact that the purchases made by the United States in such cases are not of the same products as those which Great Britain had been accustomed to make in the past before we lost our traditional markets there.

Now, what of our trading relations with the United States? What is to be said of some of the more pressing problems that confront us there? We are waiting to see, of course, what will be the effective trading policy of the new congress, not just the new administration, but the new congress. We recall that Senator Taft has said, as reported in a Reuters dispatch of November 18, that he doubted whether U.S. tariffs could be reduced much further. Again Mr. Taft said that U.S. tariffs had been reduced to their lowest point already, and he added:

> I personally doubt if changes in tariffs would result in any substantial increase of imports into the United States.

President Eisenhower has made statements which, on the whole, contribute to a feeling of confidence in this country, but whether or not that policy will be reflected in the United States congress is yet to be proven. There is pressing need, Mr. Chairman, so far as our trading relations with the United States are concerned, for customs simplification. Legislation for that purpose was urged upon congress by President Eisenhower. It is a fact that the authority of collectors of customs in United States ports is very broad. There is so much uncertainty and so many differences in the way these customs regulations are applied that they have created very serious problems for Canadian producers seeking to export to the United States. We would have liked to hear more from the Minister of Trade and Commerce as to efforts on the part of this government to seek the enactment of such a measure on the part of a friendly United States administration.

Then there is that problem, Mr. Chairman, which is of quite serious concern to the Canadian farmers, particularly the Canadian dairy farmers. The deliberate breach of the provisions of GATT by the United States congress in the face of protests on the part of the administration, both in the days of President Truman and since the time of President Eisenhower within quite recent months, has not only had the effect of excluding Canadian dairy products on a large scale, but has given rise to feelings of disquiet and uncertainty as to the whole future of our relations with the United States under the general agreement on tariffs and trade. It has hurt the Canadian dairy producer, and it has challenged the whole principle of these agreements.

I should like to say a word concerning our trading relations with the United Kingdom. I have mentioned already the loss of that traditional market for virtually all of our agricultural products except wheat and flour. Salmon is another product that we used to ship in large quantities to the United Kingdom. Apart from an altogether too small order that was announced recently by the Minister of Fisheries, the market for our salmon in the United Kingdom has been greatly reduced and virtually lost. Again, the United Kingdom used to take great quantities of our timber exports. That market has

been greatly contracted, and the timber producers of this country are suffering accordingly.

It is true that our exports to the United Kingdom in the years 1950, 1951 and 1952 rose in amount though not in percentage, while—and this is regrettable—our imports from the United Kingdom declined in those three years drastically in both amount and percentage of our total. With the financial and trading difficulties which confront the United Kingdom, Mr. Chairman, it is evident that the United Kingdom must have access to more dollars if she is going to be able to increase her purchases from this country. I realize the Canadian government cannot do everything in this respect. To be fair, I would be the first to recognize that fact. But I hope we can make more rapid progress toward the St. Lawrence waterway, because there is an opportunity opening up for Great Britain to increase her sale of heavy equipment with accompanying engineering services in this country.

In his review last Friday night the Minister of Trade and Commerce did not tell us anything about purchases from the United Kingdom on government account. We wish to see the purchases this country is making for national defence used as a means of strengthening our trade with the United Kingdom; for if these purchases that we have to make abroad are routed to the United Kingdom, then the United Kingdom is correspondingly going to have more dollars with which to purchase our agricultural products, and that is highly necessary at the present time.

These facts are recognized in the United Kingdom, because when the overseas trade minister, Mr. Harry Mackeson, left London last September to visit Canada and the United States with a view to increasing the export of United Kingdom products to these dollar countries we read in a Reuters dispatch that he said this:

"But it is mainly in the field of capital equipment, plant and machinery, that we can expect to increase our exports", he said.

That is their exports to Canada and the United States.

Britain is best able to meet competition from other countries in the engineering field, where she can exploit her skill and experience in specialized work such as electrical engineering, machine tools and prefabricated buildings for export, he said.

I hoped that the Minister of Trade and Commerce might hold out some hope to us of enlargement of the token import scheme which has been in effect in the United Kingdom in this post-war period. Forty per cent of the basic period was the maximum permitted in certain imports laid down in that token scheme. In January, 1952, even this percentage suffered a 25 per cent reduction, so that in this scheme only 30 per cent of the United Kingdom imports in the basic pre-war period of 1936 to 1939 is being permitted to enter the United Kingdom.

The minister has said much about our trade with Latin America. It is true that our exports to Latin America in the years 1950, 1951 and 1952 rose in amount and percentage. In the same years our imports showed a slight rise. In 1952 our exports to and imports from Latin America were in almost complete balance. However, our exports to Latin America have fallen off sharply in 1953, partly as a result of reduced shipments of automobiles, and our imports from Latin America in 1953 thus far are also slightly lower. I am not going to say, of course, Mr. Chairman, that that has anything to do with the visit of the Minister of Trade and Commerce this year to Latin America, but it does emphasize that we must make every effort to take advantage of the trading opportunities that lie in the Latin American market.

As to our position with respect to Europe, Mr. Chairman, in these three years, 1950, 1951 and 1952, our exports to Europe showed a substantial and gratifying increase in amount and percentage. But in the first two months of 1953 they dropped by one-third as compared with the first two months of 1952, and that is a very serious decline. We hope that it will be arrested. Our imports from Europe in 1952 declined both in percentage and amount. The increase in strength of the German economy augurs well for this country, if we can continue to find in Germany a market for our wheat.

In his review the minister said very little about trade with countries behind the iron curtain. We are still doing some trade with most of those countries. It was reported last November that the Canadian government was taking steps to restrain dumping in this country on the part of two of the countries behind the iron curtain, Czechoslovakia and Poland, but we have heard very little on that subject since. I hope we may hear what steps the government is taking in dealing with the problem of dumping in the Canadian market by countries behind the iron curtain.

The minister had some words to offer to the house concerning the general agreement on tariffs and trade. We are greatly concerned about the continuance of this agreement on tariffs and trade. Unquestionably, Mr. Chairman, while there are two sides to the ledger with respect to GATT, nevertheless it was an important achievement when, in 1947, 34 countries entered into general

agreements on tariffs and trade, and when it was possible to extend these agreements as a result of the subsequent conferences at Torquay and Annecy. The continuance of these agreements is not to be assumed. Therefore, since the trading outlook of this country depends to a very substantial extent on the continuation of these general agreements on tariffs and trade, we hope the government will lose no opportunity to put its whole strength and weight behind efforts which may be made to extend these agreements.

It is a fact, of course, that the future of GATT, particularly in reference to Canada, depends to a considerable degree upon the extent to which the United States will give willing subscription to the extension of these agreements. President Eisenhower himself has declared for their extension; but it remains to be seen what attitude the congress will take, particularly in the light of the action of congress, in breach of GATT, in imposing the ban on imports into that country of dairy products from Canada and other countries that are parties to GATT.

In his review the minister did not have anything to say concerning the problem of the convertibility of currency. This is a problem of very great proportions. I should be the last to underestimate the difficulties involved; but we must do all we can in concerting efforts with the United Kingdom and other countries of the sterling bloc to revive convertibility, at least initially, on some current basis. The problems are very great; but there will not be any lasting solution of our trading problems with them, and there will be a continued loss of markets in the United Kingdom, unless this problem is grappled with and eventually a solution found for it.

Therefore, summing the matter up in conclusion, I should like to say that we in this part of the house do not view Canada's trading outlook with pessimism, far from it. On the other hand we do not view it as something the health of which can be regarded as assured for all time. On the contrary, I think what we need in our approach to this question is a realistic attitude, appreciating the strength of our trading position and also recognizing such weaknesses as have developed in it.

I mention these weaknesses as problems to which we should be alive, and which should attract our best efforts in seeking their solution. I do not purport necessarily to list them all in order of importance, but certainly I would put in first position the restoration of our lost markets, particularly in the United Kingdom, for our agricultural surplus;

Next, the future of our exports of wheat;

Next, the future of GATT, when the present agreements come to an end this year;

Next, the problem of having our trading eggs, to a dangerous degree, in one basket, and thereby emphasizing the desirability of our making a supreme, a herculean effort, to recover those markets in Great Britain and in other countries abroad for our agricultural products;

Next, the problem of doing what we may, and to encourage the United Kingdom and other members of the sterling bloc to do what they can, to restore the convertibility of currency as soon as that may be possible;

Next, the need of a greater degree of balance in our exports and imports in trading with the United States.

Next, there is also the problem which is presented by the re-emergence of Japan as a world trader. Up to this time we have not felt seriously the impact of post-war Japanese competition, but that is a problem we must prepare to meet. Japan is knocking on the door of GATT; and if she is admitted I do urge that something will be required from the Japanese government by way of an undertaking to conform to fair trading practices. Of necessity we must do something like that if Japan is to be admitted to the company of countries which are members of GATT, having regard to the experience we have had with Japanese dumping in pre-war years.

Finally, so far as this Progressive Conservative party is concerned, let me make it abundantly clear that our aim is not to restrict trade but rather to expand it. What I have said has been designed to stress the importance we attach to the maintenance and the expansion of our export trade. We want none of the smugness that has long been evident on the part of this government in the face of the loss of our traditional markets, and particularly the markets for our agricultural surpluses.

This is a matter of leading importance to Canada and, so far as the Progressive Conservative party is concerned, we regard it as something which must be a first national objective.

Trade is a two-way street. We cannot be satisfied simply with the trading position we hold today, strong though it may be in many respects. Our production is growing. It must continue to grow. We cannot take for granted even the continuance of our present markets. We must maintain those markets and must seek to expand them. We must seek further markets abroad. In all cases we must follow active policies. We must look ahead. And any thought that the free world should con-

tinue to be divided even partially into two trading blocs, dollar and sterling, is inconceivable to this country. If it were left that way it would spell very serious difficulty for our Canadian trading outlook.

No; Canadians in the years ahead will need to be efficient producers and efficient salesmen. In the export markets of the world we will have to meet competition that will be very keen. No doubt we will be confronted with challenges to keep down costs. We hope the government will contribute to lessening the costs of production by following a policy of reduced taxation, and that the whole Canadian economy will then be geared to a policy of expanding production and expanding sales abroad.

Mr. Coldwell: Mr. Chairman, this is the kind of debate in which I believe all members of the House of Commons are interested. Whatever may be our differences in approach to the problem of trade and commerce, we are all anxious to see this country prosper, to see our trading relationships bring to this country a high degree of welfare for our Canadian people, and to make our contribution to a better world.

We are a country that is peculiarly vulnerable economically, because of our dependence upon external markets. No one in his senses suggests that Canada can be made self-sufficient. We are not organized in that way. Our whole economy has been geared to supplying our own people with certain of their requirements, and producing vast quantities of certain commodities that by no conceivable stretch of the imagination could be consumed by ourselves. Therefore we must export our surplus in exchange for goods and services our people can use for their own benefit.

Canada is more dependent upon external trade than any other country in the world. For example, on a per capita basis we are the leading world trader. In absolute terms we have become, since the end of world war II, with the exception of one year, the number three trader. That one year was 1951.

This shows our dependency upon world trade, when we realize that, per head of population, we are first; and in absolute terms, with the exception of 1951, third. The United States and the United Kingdom have ranked first and second in absolute terms during these years, and it was in 1951 that France displaced Canada, and moved into the third position. As far as I have been able to see from the complete records for the first quarter of 1952 we have jumped to third position again, and from the present patterns of trade I think it is indicated that we are likely to maintain that place in the near future.

I believe that is all the more significant because we must realize that if we are to continue to expand as we have during the past few years, when our expansion has been very great indeed, exports must not only be as great as they are today but they must increase in proportion to our total production.

Let us look at the two leading items of export, newsprint and wheat. The foreign market for these particular commodities is very critical and always susceptible to factors beyond our control. For example, newsprint, wood pulp and pulpwood sales are dependent upon a high level of business activity in the United States. Some people may say that perhaps if that high level of activity in that great country were lessened we might be able to conserve our forest resources to a greater extent. I think that is true, especially when I see some of these United States papers, particularly the Sunday editions, and realize the number of Canadian trees that have gone into their production. I realize then how necessary it is for us to have some sort of forest conservation policy.

Nonetheless our economy is largely dependent upon our exports of newsprint and pulpwood to the United States. At the least sign of a recession advertising will drop, and with a drop in advertising the demand for our newsprint and pulpwood will drop because newspapers will be reduced in size to that extent. At the same time the Canadian producers would be forced to reduce their production of these commodities accordingly.

In connection with wheat we all realize in this house, particularly those of us who come from the prairie provinces, that a major factor in the production of wheat is the weather. As the hon. member for Eglinton (Mr. Fleming) has said, most of us are greatly disturbed over the recent failure to effect an international wheat agreement. Under such an agreement at least we were assured of a major share of the United Kingdom market. We have not that assurance now. I suppose the Minister of Trade and Commerce (Mr. Howe) may say, and quite correctly, that in any event the British will have to buy large quantities of Canadian wheat, but we have not the comfortable assurance today that we had under the international wheat agreement.

I regard with a good deal of misgiving any return to the uncertainties of the open market, especially with the increasing surpluses we have witnessed over the past year or two. Perhaps this should not have been unforeseen. I remember some of the debates that took place in the British house on the British wheat agreement which I think on the whole

was of benefit to our western growers. Criticism of that agreement came from the ranks of the supporters of the government now in power in Great Britain. I will not say all of them, but I think many of them rather dislike negotiated agreements of this description and would be quite glad to see the Liverpool exchange opened again and have trading on the pre-war basis.

Last week I noticed in the United States paper a report which is quite serious to those of us who come from western Canada, and should be of serious concern to Canadians generally. The suggestion was made and apparently received sympathetically that an embargo should be placed upon the importation into the United States of coarse grains. In the representations that were made in Washington, Canada was mentioned particularly.

A serious curtailment of our exports to the United States and elsewhere of wheat, wood pulp, newsprint, coarse grains and other products would have a serious effect upon our whole economy. In 1952 wheat and newsprint—I am going to speak in very round numbers—each provided more than 20 per cent of our exports. It was a little more than 20 per cent in one case and a little less in the other, but together the exports of newsprint and wheat made up some 40 per cent of our total exports.

Let us look for a moment at another aspect of our external trade. In 1952 we imported fuel goods, that is coal, petroleum and its products, worth nearly $500 million. Nearly half a billion dollars worth of our imports in 1952 were fuel. Of course we hope that as time passes and new oil and gas fields are found and developed in western Canada we shall become more and more self-supplying in that regard. There is every indication that that will be so.

Then we are forced to import large quantities of rubber and bauxite to supply two of the great essential industries in this country. We have the Polymer plant owned and operated by the government. I once complimented the minister upon the Polymer plant as an example of public enterprise and I remember he said, perhaps with a good deal of pride, that it was not a public enterprise, it was his enterprise. I do not care whose enterprise it is, the Polymer plant has filled an important place in our economy. I hope under public enterprise it will continue to do so. But we still have to import raw rubber.

Of course we have to import bauxite for our huge aluminum industry. Our dependence upon imports becomes clear when it is noted that last year we brought in $1·25 billion worth of capital goods which were required for our further expansion. These were made up of farm and non-farm machinery, automobile parts, rolling mill products, engines and boilers, aircraft parts, electrical apparatus and so on.

When we discuss these trade problems, our huge imports, our necessity for export markets and the necessity to balance our trade as far as we are able to do so, we also have to bear in mind that in spite of our huge production we have a relatively small population. The maintenance and raising of our standard of living, in view of our very limited population and domestic consumption, must be related to the sale of much of our production in external markets. When we export we do so primarily to import something that we can use or that will be beneficial to the people in this country, whether it be capital goods, consumable supplies or services that our people can use.

It is quite clear that our own consumers are not sufficient in number to purchase a large proportion of our domestic production. There is a limit to the amount of wheat that an individual can consume or the amount of newsprint or other products such as salmon, fish or bacon and pork. So we must continue to view with a great deal of interest our export markets. I think that is illustrated by the disposition of our two major products, newsprint and wheat. We are already among the leading consumers of both newsprint and wheat, but we must still largely depend upon foreign markets for the consumption of most of what we produce in both of these commodities.

If we are to do this properly we must consider the financial position of Canada in relation to the rest of the world. Of course this relationship obviously must have an immense bearing on our trade, for in absolute terms—absolute terms, let us not forget—we are still a debtor nation, although our position greatly improved in that respect as the result of world war II. But in so far as most countries are concerned we are a creditor nation. Indeed, it is only toward the United States that we remain a debtor nation, and this of course is of great importance when trade with Europe and particularly our trade with the United Kingdom are under discussion. It means that there is a complete reversal from the old days in our financial relationships with the United Kingdom.

In the old days the United Kingdom was a creditor to us but now she is a debtor. This means that not merely does she need to export goods to us—I shall put it this way, although it is not quite accurate—equivalent in value to her imports from us, but she

must export goods considerably in excess of her imports if she is to retire her debts, invest in Canadian industries—and I think most Canadians welcome such investments—and at the same time achieve something of a balance of payments with us. That of course is involved in what my hon. friend called convertibility just now. After all, convertibility is not entirely a question of financial arrangement. It is really a question of trade, the exchange of goods, the flowing of goods in various directions and so on, so that as goods move currencies appear and you have a reasonable relationship between those currencies which enables you to bring about a system of convertibility.

Old-time multilateral trade seems to be gone, and at least for the present it does seem to be far beyond our reach. More and more, whether we like it or whether we do not like it, trade becomes a question of exchange, and already in many instances and between some countries it has become in effect a matter of barter. That is an attractive trade arrangement in some respects so far as Great Britain is concerned, because of the shortage of certain currencies, in making trade agreements with the Soviet union and other iron curtain countries. That is not a financial arrangement but a matter of the exchange of goods under what amounts in many respects to some system of barter.

I spoke of imports, but let us look at the trade picture more closely as it affects our external relationships. Go back a few years. At least 15 per cent of our imports in each of the years between 1920 and 1929 came from the United Kingdom, with a peak of 18·4 per cent attained in 1924 and a low of 15 per cent in 1929. From 1930 right through 1938 our minimum imports from the United Kingdom were 16 per cent in 1931 with a peak of 24·4 per cent in 1933. In other words, as the depression became worse we seemed to have a higher percentage of imports from the United Kingdom.

But since the end of world war II in 1945 our peak in imports from the United Kingdom only reached 12·7 per cent in 1950, while our imports reached a low of 7·4 per cent in 1947. In 1952 our imports were slightly higher at 8·9 per cent, but one might almost say no higher. That is the picture as far as the United Kingdom is concerned. I agree with the hon. member for Eglinton that we have to think of trade with the United Kingdom because so far as our trading relations are concerned, I think we are more secure with that country than we are with the United States.

I asked the Minister of Trade and Commerce yesterday about the refusal of the United States to consider a low tender for ships from a Canadian company in exactly the same way that the United States refused to consider a tender from the English Electric Company for hydroelectric goods which was very greatly below the lowest American tender. The minister said what is perfectly true, and I have no quarrel with it, at page 4141 of *Hansard*:

> —but whether the government of the United Kingdom is justified in protesting as to how the United States buys its electrical equipment I cannot say.

He said it was the privilege of the United States to decide what they would do in that respect, but it illustrates the point I want to make. It shows how uncertain our trading relations with the United States are. It is not a question of tariff policy. It is an embargo against tenders from the United Kingdom and an embargo against tenders from Canada. If the United States is going to continue that kind of policy, what use is GATT to us? What use to us is any other trading arrangement? I think many of us in the house are pretty disturbed at the manner in which the United States has failed to live up to the understandings and the agreements to which we committed ourselves at Geneva in 1947 and which we have fulfilled. I think that is tragic because the American people are such generous-hearted, fine people, so friendly and all the rest of it to ourselves and to the rest of the world. Yet as a nation and as a government they are unreliable and often shortsighted. It is dangerous for us to place all our eggs in the United States basket. That, I think, is the lesson we have yet to learn.

Let us look at the picture as to imports from the United States in the same period. It shows exactly the opposite trend. From 1920 through 1929 the lowest record of imports was 64·9 per cent in 1924 and the highest was 68·9 per cent in 1920, closely followed by 68·8 per cent in 1929. I am taking these figures from the official records of the department. From 1930 through 1938 the low was 54·2 per cent in 1933 and the high was 64·8 per cent in 1930. Since the end of world war II the low was 67·1 per cent in 1950 and the high was reached last year with 73·9 per cent.

You will notice the reverse trend during the depression. The percentage of British imports went up and the percentage of United States imports went down. Imports from the United Kingdom during the past seven years have been at a level of 6 to 7 per cent lower than they were during the 1920's, and imports from the United States have been at a level of 3 to 5 per cent higher for the comparative periods. I think the outstanding feature of

these figures is the concentration of our trade with one country, and that one country the United States.

This is particularly significant when we consider the fact that we are a debtor nation toward the United States and a creditor nation toward the United Kingdom. If the roles were reversed the concentration of our trade would reflect a very much happier picture as far as our Canadian economy and the future of this country are concerned. As it is we are exceedingly susceptible to any economic changes that take place in the United States. If a major depression did take place in the United States—and I hope it will not come there—our economy which is so highly dependent on our trade with that country would undergo serious and—yes, I would go so far as to say—disastrous dislocation.

So I can say to the minister that I think every effort should be made by this country to find other export markets, and I welcomed the fact that the minister took a trip to South America. I hope he and others will take trips to other parts of the world in an endeavour to diversify our markets as quickly as possible even though, may I add, that should result in what seem to be some short-term losses and indeed some short-term trading disadvantages. Of course, since the acceptability of a policy of this description to private manufacturers and traders is unlikely, even though it is in their long-term interests, I think the onus is on the government to adopt some appropriate course of action, and I am going to say something about that.

Such a policy should take into account both imports and exports. In the short-term view the latter appear to be less important. We are exporting more and more goods, and we are obtaining better prices for them. The increase is due to the fact that there is such a demand for raw materials with which we can supply the world, particularly in view of the general re-armament that is going on all over the world. However, it is not merely a matter of disposing of our products today but rather, as far as possible, of ensuring that we shall still be selling them tomorrow and the day after. This can be assured, and I hope the minister agrees, only by developing new markets overseas.

Important as is diversification of our export markets, more pressing is the diversification of our import markets. For example, while 70 per cent of our total exports in 1952 went to the United States and the United Kingdom, an even greater percentage—73·9 per cent of our imports—came from one of those two countries. I mean 73·9 per cent of our total imports, $2,977,000,000 out of a total of $4,030,500,000, came from one of the two, from the United States. To my mind it is already obvious that such a situation is undesirable from considerations which I have already mentioned and perhaps from other points of view which could be given by other hon. members of the house.

I shall state some of the reasons why I think it is undesirable. First of all it leaves Canadian prices too much the prey of external forces over which we have no control. Second, it leaves us with a deficit in our balance of payments with the one country to which we are habitually in debt. For example, in the years 1949, 1950 and 1951 respectively we paid to the United States $205 million, $260 million and $321 million in interest or dividends. Rather than continue a policy which adds to this interest deficit with the United States we should, if possible, be compensating by exporting to the United States more goods than we import. That would be the ideal position.

Mr. Howe: May I ask how my hon. friend accounts for the strength of the Canadian dollar?

Mr. Coldwell: How do I account for the strength of the Canadian dollar? I think the answer, although I am not a financial expert, is that the strength of the Canadian dollar is due to a very large extent to the demand for Canadian dollars for investment in our resources and industry, as well, of course, as the purchase of raw materials for defence.

Mr. Howe: The balance of investments is against us.

Mr. Coldwell: Well, you asked me what I thought and I am giving what I think is the reason. If I am wrong I hope the minister will explain to the house why the Canadian dollar has been so strong over the past number of months. Well, if multilateral trade were operating effectively and the United States discontinued its policy of resisting imports, there would be an alternative means of balancing our payments through the free flow of United States dollars into other countries with which we have an excess of exports from Canada.

That is the old-fashioned way of settling balances of trade between nations. That has been for a number of years—and it will be for some time to come, if it ever returns again—far from the case. It is therefore necessary that we adopt the most effective methods to rectify all this. They in turn will help to alleviate the third undesirable feature, that of the present concentration

of our exports. The solution, I think, is to shift as many of our purchases as possible from the United States to other markets, particularly to the United Kingdom, to western Europe or indeed to other parts of the sterling area and, again, to South America. If we can direct our trade in those directions there will be a long-term gain and something of long-term insurance.

As a means of solving some of these problems I am going to summarize what I have said and perhaps expand on one or two points on which I have not already expanded. I think sterling might be accepted in part payment for Canadian produce sold to sterling area countries. You may say to me: what are we going to do with that sterling we accumulate as credits overseas? Well, sterling could be used to buy sterling area goods, or it could be used in sterling areas that are undeveloped and which we sometimes call underprivileged or backward countries. It could form part of our contribution to the Colombo plan and although I know that satisfactory arrangements might not be possible, but if it were possible I would like to see us use some of it for the technical aid projects of the United Nations. I want to say something about those technical aid projects and Canada's part in them when we return to the estimates of the Department of External Affairs.

Then we might have a much higher proportion of governmental orders for supplies placed in the sterling areas. I was looking over some of the orders that have been placed for equipment and supplies in the United Kingdom and the sterling area, and I was astounded at the relatively small amounts of supplies that are bought in the sterling area by Canada for our various projects and our various departments.

Of course we have tariffs and dumping duties on imports from Britain which we put into effect last year. We raised the tariff on textiles under the Geneva agreements in 1948, and certain dumping duties were applied against Britain on goods sold for less than their home market price. Those duties applied to automobiles and some other supplies sold in this country. I think the tariffs against countries with which we want to trade should be lowered to make it easier for those countries to earn Canadian dollars with which to buy Canadian products. That, of course, is of particular interest to those of us who are from the prairie provinces, where we have been so dependent up to the present time on the export of commodities which we produce there in large volume.

Then we should try to make long-term commodity agreements for specific imports and exports. It may be difficult to do that. As I said earlier, I think the present government in Great Britain does not like the idea of specific agreements of this nature. But there are other countries which might be inclined to enter into such agreements. In the position in which we find ourselves, perhaps we could make credit arrangements which would facilitate the conclusion of such agreements.

There is a matter which I have not discussed but which is very closely connected with the world wheat agreement; that is that Canada should give, and has not given, full support to the establishment of a world food pool very much along the lines suggested at the United Nations by Lord Boyd Orr. It was proposed to the FAO as well by the international federation of agriculture several years ago. While the idea was not immediately acceptable to the government, in view of our long-term interests I think Canada should give all the support possible to that proposal when it is made again before the food and agriculture organization of the United Nations.

Then I think there are certain emergency measures that might be adopted. An offer might be made to the British government for postponement for three years—I have made this suggestion several times before—of the interest on the annual payment to be made on the British loan, providing the extra dollar exchange thus made available is used for purchases of certain Canadian products. We might specify apples, salmon, cheese, fish and certain agricultural products. Then, when payments were resumed, the United Kingdom would be allowed to repay the loans, if she wished, in commodities from her own sterling area, commodities of her own choice provided of course that we can use them. Canada can use most of the goods that she could supply to us.

In conclusion, I want to say that what I have said, Mr. Chairman, is the result of some study and some thought. All that I have said may not be entirely in line with the thinking of the government. Indeed, it may be subject to some correction by the minister when he speaks. But I can assure him that we are interested in this very vital project of expanding our trade as we expand the development of our resources, and maintaining our great agricultural and other industries in this country. With the possibility of international tension easing—let us hope it is a real easing of that tension and let us hope, too, that there will be a diminution of demands for raw materials than can be used

for warlike purposes and an increasing demand for materials that can be used in raising the standards of living and the food of that half of the human race which goes to bed hungry every night—it becomes imperative that we should make an annual review of Canada's position as a world trader.

As I have already said, we are third in absolute terms, and first in per capita trade. It is a remarkable achievement for a young country such as this. No government can take credit for it. It has been done because ours is a land which has vast resources, a land peopled by men and women who have done their level best to produce from those resources. I think we can say that it is to the credit of Canadians generally, rather than to the credit of any particular group of Canadians or any particular government in power now or in past days, that we have achieved this remarkable place in the world of commerce. I hope, Mr. Chairman, that we shall continue not only to maintain it but as the days go by to improve our position and make a further contribution to the health and welfare of mankind.

Mr. Blackmore: Mr. Chairman, it has been a real pleasure to listen to the two hon. members who thus far have spoken. I may say that it was a real pleasure also to listen to the minister the other night. In the subject of trade, as all hon. members recognize, we are discussing a matter which could easily mean success or disaster to our nation. Perhaps too few people in the country actually comprehend how serious some of the moves we may make in respect of trade can be for all time.

In saying what I shall say here tonight, I have the deepest sympathy for the minister because I realize that he is handling a very difficult task. I believe he is making a good job of it. I realize also that he is not entirely a free agent in drafting policies or in putting them into operation, but is more or less the victim of the will, shall I say, of people who do not understand the problem nearly as well as the minister does.

Now, that being said, I shall go on with what I feel it would be fitting for me to say tonight. With respect to the hon. member for Eglinton, I should say that one of his difficulties was that he said what pretty nearly everyone wishes—yes, of course we want that, but nobody knows how to get it. The hon. member for Rosetown-Biggar did condescend to begin to tell us something about how it might be done. If in the course of my remarks I give more attention to how it ought to be done, I trust I will not be misunderstood. After all the incessant talk in this house about things that ought to be done, which everyone 14 years of age and up knows ought to be done, so often no one has said a word about how to do it. That is about one of the most contemptible things of which you could conceive in a country of this kind and in a house of this kind.

There ought to be some sort of penalty imposed on the members of the house who get up and clamour for something to be done, but never give any idea as to how to do it. They rail about something that is not being done, without giving any idea as to how it could be done. We would shorten the length of these sessions by two-thirds if there were some penalty imposed by the whole house or individual members upon those who would put on such a performance. I grow weary of hearing people cry out for things that everybody knows ought to be done, but who never give an idea how to do them.

I thought it would be quite proper to read a little statement which I believe comes from the Ottawa *Journal* concerning the Minister of Trade and Commerce. It is rather well put, and no one will mind if I put it on the record. It reads as follows:

> Mr. C. D. Howe, Minister of Trade and Commerce, spoke to the national foreign trade convention in New York this week, had this to say about the forthcoming commonwealth conference:
> "What Canada wants to see emerge from these commonwealth talks is not a sterling area plan, but something very much bigger, in which North America and the free world generally can play a full part to the advantage of all concerned. This kind of an approach, we firmly believe, has the best chance of success. And that is what I hope will emerge."

I think everybody says "amen". The article goes on:

> What is this "something" that is "very much bigger", and just how, specifically, is it to be gained? Mr. Howe doesn't offer a clue. Doesn't as much as hint what Canada will propose.
> Strange, too, that Mr. Howe himself is not going to the commonwealth conference, but passing it up for a trade mission to South America early in the new year.

That is no reflection on the minister; that is just the beginning of a discussion of his troubles.

There is another quotation which it might be well to have on the record and to keep in mind in our discussion of our very difficult trade situation. This quotation is called "Foreign aid given by U.S.A.," and reads as follows:

> From June 30, 1945, to June 30, 1952 the United States extended grants or credits to a total of $38 billion in foreign aid. That was 11·3 per cent of the $308 billion federal revenue in the seven years and 10·6 per cent of the national expenditures—$329 billion—in that period.
> Close to a third of the total aid extended was in the form of loans of which $3 billion has been repaid, making the net amount up to June 30 of this year of $35 billion. Congress has authorized foreign aid in the current fiscal year ending next June 30 totalling $5,800 million, which would raise

the grand total to $40,800 million. Western Europe got the lion's share of the net aid, $25,795 million in grants and credits. Great Britain got a net total of $6,363 million. France was second, Germany third, Japan fourth, Italy fifth.

About $1,091 million went, in the early post-war period, to Russia and other countries no longer friendly. That was 3·1 per cent of the total net foreign aid.

That quotation also was taken from the *Alberta Wheat Pool Budget*, October 31, 1952. I should like to ask all hon. members to ponder this simple question with me for a few minutes: How long do you think the United States can stand that sort of thing? How long do you think it ought to stand it?

Mr. Howe: Mr. Chairman, my hon. friend will not mind my saying that over the same period Canada gave more aid to the world on a population or national income basis than the United States. We are still standing it.

Mr. Blackmore: Well, I am not so sure that we are "still standing it". I must say that the pressure which is on the ordinary Canadian today as a result of standing that is simply unbearable. Anyone who does not believe that should just get down among the ordinary people and see what a time they are having paying their rent, buying their coal and paying their taxes. I will tell you, if you get down and find out, get the facts, you will not feel that we can afford to stand that very much longer. As an example, stop to think of the almost unbearable pressure that is placed on a young couple when they have a third child, or a second child; what the cost is to have that child delivered to them, what the cost is to raise it in any sort of way, as a result of the taxation which we are placing on everybody in order to stand this thing. And when you reflect on the effect that is going to have on the population of this nation in the course of 25 or 30 years in terms of Canadians who will grow up to carry the responsibilities which must be borne 25 years from now; when you reflect along those lines, you are not so positively sure that we are "standing it" in a way that we can permanently sustain.

All honour to Canada that we are doing it, but I say to the minister it is just high time the pressure began to be relieved. There must be a way of relieving that pressure. I have said this time and time again, and I will say it to the minister once more in all seriousness: You must not keep the idea that the only place you can get money is in the people's pockets. You must not do it. The United States must not do it. If you do you will wreck the world as surely as we are sitting here tonight. It is no longer a laughing matter, a sneering matter or a matter to be treated lightly; it is a matter that must be met and dealt with positively.

I give these facts merely to show how much is being done, and yet what is being done is not nearly enough. Everybody recognizes that. I have another important quotation that I should like to give just to show the difficulties the minister faces. This one again is from the Alberta wheat pool budget of April 3, 1953 this time, and reads as follows:

About 24 per cent of the Canadian population is dependent for a livelihood to a great degree on exports of Canadian products. This country is more dependent upon the continuation of a large export trade to maintain the standard of living here than are any other peoples in the world.

The above statement was made by G. S. Duncan, chairman of the board of directors of the Massey-Harris Company, in an address to the annual meeting of the Ontario hog producers' association. Mr. Duncan said that his company does 75 per cent of its business with foreign countries. He said 54 per cent of Canadian exports go to the United States and that there is a danger of relying too much on one customer.

It is enough worry to the minister to try to find a market for our wheat, oats, barley, hogs, cheese, and other primary products, but when he also has to go out and try to find markets for our manufactured products, well he is facing a task which is impossible under prevailing circumstances. I believe everybody realizes this.

Having said this much, I wish to tell the minister that I want a great deal more information than he has given in his speech. As a member of the house I think I am entitled to it. I am not able to find any document up to the present time in which I can obtain the information I want. I am going to quote some passages from the minister's speech and ask him some questions concerning these which I would like him to answer, before we finish discussing his department. He must know where to get these answers. At page 4065 of *Hansard* of April 17, in the second column, he used these words:

This strength has been created in large part by sound policies, and it has buoyed us up during a period when many other countries have suffered setbacks.

I want to know in some detail what these "sound policies" are. You know the statement sounds very beautiful on the radio and looks good in the press. So many statements are so beautiful on the surface that they convey much which the people cannot quite comprehend. We all want to know the details. Then I quote another passage on the same page:

During these years the government has done everything possible to encourage and assist the recovery of our exports to those countries overseas which are our traditional customers.

I would like to know what the "everything possible" is. Everything possible is a very large order. I want to know whether the minister and the government offered to take British pounds in return for Canadian goods that they want to sell to Britain. That was a suggestion of the hon. member for Rosetown-Biggar. That suggestion is thoroughly feasible. It has been offered several times by the hon. member for Acadia and various others. Never a word has been said by the government in answer to that, as far as I know; yet it is a thing which is obviously feasible.

I wonder whether the minister would tell us if he has done that; whether he has offered that. I should like to ask him whether or not Canada has yet offered to Great Britain a proposition similar to the one she gave to Great Britain in world war I. Great Britain wanted $50 million worth of wheat. Canada created the money, bought the wheat from Canadians and gave the wheat to Britain on such terms that Britain could repay in any kind of goods that Canada could receive as soon as Britain could repay. Britain had repaid the debt by 1927.

I have suggested such a proposition several times on the floor of the house. Not one person on the government benches has spent a moment trying to show that that proposal is not completely feasible, because they cannot show it. Why do they not use that device? Have they offered to do that for Great Britain? If they have not done that, they have not done everything possible; and to make that statement is simply to deceive men. And there are many other things that could be done, some things that the hon. member for Rosetown-Biggar mentioned. The minister will have to take a little time to answer all this. He realizes, I think, that members of the House of Commons are entitled to a detailed explanation of that statement; and the people are also entitled to it.

Now I should like to read another passage from his speech where, at page 4066, he said:

> Canada participated fully in the recent commonwealth economic conference, as hon. members are aware.

I think that is a good place to stop. The minister says that Canada "participated fully". What is the minister talking about when he refers to full participation? What is his meaning? We would like to have that explained. Up to the present time the members of the cabinet have been as silent concerning the matter as mice. What went on at that economic conference? We do not know what Canadians proposed; we do not know what they rejected. We do not know what Great Britain proposed. We do not know a thing about this matter, which is so vital in our lives at the present time. I say that every hon. member in this House of Commons and every person in the country is entitled to be told in full the answers I have asked for.

If for example Great Britain asked us to use the imperial preference and we refused to do it, everybody in Canada has a right to know that we refused and why we refused. And if the reason we refused was that there was pressure put upon us by the United States, then everybody has a right to know that, 100 per cent. We should know how that pressure was proposed to be put on, and why.

All this information is necessary in order that we may begin to have wisdom concerning our status in international trade today, and concerning the well-being of the British commonwealth, in whose welfare this nation is so intimately bound up—not with the well-being of the United States. We have evidence to show that the United States is pretty hard-boiled, to use a common expression, in her business arrangements. She is not one bit concerned about our well-being. She is concerned about herself, and that is enough. If the United States takes care of herself, she is doing all the worrying she can afford to do. Let us look around and find someone with whom we can work.

Now, I want to know all about this commonwealth economic conference. Why has there been all the secrecy about it? We find secrecy everywhere. That does not sound very good; it does not look good.

I should like to read again from the minister's speech:

> We may be greatly encouraged also by the increasing amount of international agreement about what needs to be done to solve the trade and financial problems of the sterling area and western Europe.

Well, what is this thing that "needs to be done?" Who are the nations that are in agreement? To what exent are they in agreement? How do we know they are in agreement? Has their agreement been expressed? If so, how and when? Until the minister gives detailed information setting forth the answers to those questions he is just deceiving us, leaving us in the dark; and maybe he is deceiving himself, too.

I should like to know what he believes should "be done" to solve the difficult financial problem, the problem of the sterling area and western Europe. I want to know why he thinks that "what" is a solution, and I should like to have evidence to prove that it will be a solution. I think it would do the minister's department a lot of

good if they were to do a bit of hard thinking along that line. I shall be listening; I will not take everything lying down, either. We have to have something that will help us toward the solution of these problems. And now we come to this passage:

> Many of the countries concerned are showing signs of moving in the right direction.

What is "the right direction?" Who knows it is the right direction? How does he know? Where did he find out? Where is his proof? Does the fact that half a dozen graduates of the London school of economics in the minister's department think it is the "right direction", make it so? He has half a dozen pretty noisy boys in his department, who think they know all about how to run the world. But they do not know very much yet; they only think they know. I have been in touch with several of them. Of course he has some men in his department who do know, but their voices cannot be heard because of the babble of loud noise from those youngsters who got all their knowledge at the London school of economics, the very last place they ought to go to get the truth. So we want these facts.

Now on the same page the minister said:

> Nevertheless, in 1952 the value, quantity and proportion of our exports to British countries did increase and for the first time their value amounted to over $1 billion.

What I want to know is this. What kind of exports did they accept in large amounts? Were they exports which are the result of our war condition, or exports which are to be permanent? If they are not permanent, then obviously the very minute things begin to clear up in Korea those markets will disappear like mist on a July morning. So if we are not going to be relying upon quicksand as the basis for the house we are going to build, we must be given many of the details.

Another passage at page 4066 is in these words:

> I am glad to see that the United Kingdom have been able to increase their sales to us of many types of machinery and that their sales to the United States are increasing. It has been said before, but it bears repeating, that there is a large and continuing market in this country for many goods which the United Kingdom can supply in greater quantities.

I should like to have details about that. I cannot be convinced by this smooth statement. I cannot understand, for example, if it is really true that the British are increasing their sales to us, why it is that we find conditions such as those disclosed in the February 1953 issue of the *Economic Record* from Great Britain. It says in respect of sugar:

> Sugar is still rationed to 10 ounces each week for each ration book. It is estimated that to deration sugar an additional half million tons a year would be required which can only be obtained from the dollar area at a cost of about $40 million a year.

Why are they not able to get all the sugar they need over there, when we are literally swamped by Cuban sugar here?

Mr. Howe: They have derationed sugar now.

Mr. Blackmore: I am speaking about February of 1953. I am wondering now whether the derationing is on a basis that can persist, or whether they have established conditions under which they can continue to deration. Then in connection with cheese it says:

> The weekly ration is now 1½ ounces, with a special allowance of 12 ounces for agricultural and certain other workers in places where there are no catering facilities. The abnormally low level of the ration is due to Britain's inability to spend dollars on cheese from Canada and the United States.

And so on and so on. We go through a list which would make a person feel unhappy for a week. And now Great Britain is "increasing her sales" to us. That needs to be explained in much detail, much more than the minister has given thus far. I read this on page 4066:

> Germany has increased its Canadian purchases substantially so that it is now the second largest European market for our products.

I want to know what Germany has paid us for what she has bought from us. What have we taken from Germany that we could not take from Britain? Can we continue to take these things from Germany without interfering with the welfare of any of our own industries? These are things that we all want to know. I quote again from page 4066:

> From the Canadian point of view the increasing importance of the Japanese market has become more and more apparent in each recent year.

What are we prepared to accept from Japan that will enable us to sell to Japan? Everyone realizes that it will be a fine thing to trade with a nation of 83 million people, or thereabouts, if we can take the things that they have to send us. We are sure they can take our products, but what goods are they able to send us that Britain or some other nation of the commonwealth is unable to send? Before that statement can be worth very much to me I have to have that question answered. Here is another passage from page 4066:

> At every appropriate opportunity the government has made clear to the government of the United

States that basic principles are being infringed by the imposition of import controls upon dairy products in the United States.

I would like to know what "basic principles" are being infringed by the United States when she takes measures to shut out dairy products from Canada. I would like to know what moral responsibility the United States has to Canada that she must allow Canadian dairy products to come in to destroy her dairy producers. I should like the minister to explain that in great detail when he comes to speak. We do not want generalities; we want details, as the minister would want them. The minister is one of the greatest engineers in Canada. He would not accept a blueprint that was blurred or vague in its details. He would want every detail quite clear so he could be sure it would work out in a certain way. The minister is giving us a blueprint for a trading establishment which we want to erect for the welfare of our children and our children's children. We want the details of that blueprint, not just a general statement.

Before leaving this matter may I ask this. Has not the United States merely invoked article XIX in the famous GATT which was designed to enable a nation to protect any of its industries against outside goods? The minister must have read something different from what is contained in the agreement. I think I could get a copy without much difficulty and show that it was definitely declared that any nation had the right to protect any of its industries which were in danger of being destroyed from outside. If there is no such provision, then I suggest that when GATT comes up again we put that provision in and be sure that it stays there. Without that the agreement is not much good. If the United States agreed to GATT, she did it in a moment of absentmindedness and is now finding out that it will not work. She is taking realistic measures to protect her own producers.

This is the system which she used to build herself from a group of straggling colonies into the mightest nation on the face of the earth in an amazingly short time. Are we to be told that those principles which she used to build herself to greatness are no longer sound and that she should now begin to go backwards and undo the things she has done so painfully through the generations, and if she does not do it she is "infringing principles?" All these matters need considerable elaboration. Another passage from page 4067 reads:

Canada and the United States have helped themselves and the world as a whole through the negotiation of extensive trade agreements, before the war in 1935 and 1938, and since the war under GATT at Geneva in 1947 and at Torquay in 1951. The unprecedented flow of trade between Canada and the United States today is conducted in accordance with the general agreement on tariffs and trade.

That is getting near the climax. I tell you that we need a lot of explaining there. Just how has Canada helped herself through GATT? Let us have the details, even if it does take a book or another white paper. We do not want just a general statement, let us have it proved that Canada has "helped herself" through GATT. At whose expense has Canada helped herself? That is also an important matter. Has it been at the expense of Britain or some other member of the commonwealth? Just how has the United States helped herself through GATT, and at whose expense? Let us have the details.

Does the minister know who originated the idea that led to the instrument called GATT? I wonder if the minister has gone back into history to find out who it was that started this thing called GATT. That is a very important thing to know. If you could find out just who it was in the United States administration that proposed GATT or the thing that grew into GATT, and find out what connection he has, it might make a lot of difference in our thinking in respect to GATT.

Does the minister know what were the immediate objectives of the first movers in this connection? For example, was it the destruction of imperial preferences and the pound sterling? What were the ultimate objectives? For example, were they to give the United States markets? Was it considered that the rest of us did not amount to anything so long as the United States got markets? I wonder if that is true. Can the minister prove that it is not true, with documents that can stand up against criticism?

I suggest that the minister will have some help from these graduates of the London school of economics, but he should be sure to give us both sides. I have not very much faith in the London school of economics.

Mr. Pouliot: The hon. gentleman is in good form.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we shall go into supply and consider the estimates of trade and commerce, citizenship and immigration, the prime minister's office, and health and welfare.

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

HOUSE OF COMMONS

Thursday, April 23, 1953

The house met at eleven o'clock.

HOUSE OF COMMONS

REFERENCE BY PRIME MINISTER TO NEWSPAPER STORY CONCERNING A MEMBER OF PARLIAMENT

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, as leader of the house I should like to make a very short statement concerning a sensational story about a member of parliament published in the *Telegram* under date of yesterday, Wednesday, April 22, 1953. The story is headed "Government Contractor paid $71,800 to Liberal M.P."

I am sorry this story has come out at a time when the member concerned has had to return to Saskatchewan to the sickbed of his aged mother.

If he were here, I am sure he would be most anxious to deal with it at once as a matter of personal privilege and I hope he would be able to do so in a manner that would satisfy everybody as to the propriety of whatever he may have done. I am also confident that, if there remained anything which might be a cause of embarrassment, he would wish to take the steps required to prevent that embarrassment from being shared by anybody else. Until the hon. member has had an opportunity of dealing with this story, I think his fellow members and the public generally should keep an open mind about it.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 342, for the relief of Hanus Braun, otherwise known as John Browne.—Mr. Winkler.

Bill No. 343, for the relief of Hazel Loisette Robinson Darby.—Mr. Winkler.

Bill No. 344, for the relief of Pearle Elizabeth McLeod Martin.—Mr. Winkler.

Bill No. 345, for the relief of Susan Klamka Migicovsky.—Mr. Winkler.

Bill No. 346, for the relief of Olive Margaret Searle Pfeffer.—Mr. Winkler.

Bill No. 347, for the relief of Alfred Roger Holder.—Mr. Winkler.

Bill No. 348, for the relief of Joseph Willie Brais.—Mr. Winkler.

Bill No. 349, for the relief of Gladys Ola Taylor McLellan.—Mr. Winkler.

Bill No. 350, for the relief of Freda Smolar Brown.—Mr. Winkler.

Bill No. 351, for the relief of Marguerita Downie Couture.—Mr. Winkler.

Bill No. 352, for the relief of Howard Douglas Wardle.—Mr. Winkler.

Bill No. 353, for the relief of Rose Brownstien Lazarus.—Mr. Winkler.

Bill No. 354, for the relief of Rebecca Bowman LeFloch.—Mr. Winkler.

Bill No. 355, for the relief of John Stewart Hannah.—Mr. Winkler.

Bill No. 356, for the relief of Harold Speevak.—Mr. Winkler.

Bill No. 357, for the relief of Rita Rabinovitch Abrams.—Mr. Winkler.

Bill No. 358, for the relief of Marcel Roland Veilleux.—Mr. Winkler.

Bill No. 359, for the relief of Mary Gordon Wilson LaForest.—Mr. Winkler.

Bill No. 360, for the relief of Lionel Jobin.—Mr. Winkler.

DAIRY PRODUCTS

SKIM MILK POWDER—OFFERINGS AND PURCHASES

On the orders of the day:

Mr. R. E. Anderson (Norfolk): I should like to address a question to the Minister of Agriculture. Could the minister tell me how much has been purchased and how much has been offered under the government's undertaking to purchase ten million pounds of skim milk powder?

Right Hon. J. G. Gardiner (Minister of Agriculture): Mr. Speaker, the hon. member has given me a copy of his question and I have this prepared answer. We have purchased 863,200 pounds of roller process at eight cents per pound f.a.s. Montreal and 3,214,800 pounds spray process at eleven and a half cents per pound f.a.s. Montreal. We have purchased all the skim milk powder that has been offered.

Mr. G. K. Fraser (Peterborough West): Has the government considered allowing the skim milk powder people to ship to a point in Ontario in order to save the freight charges to Montreal?

Mr. Gardiner: We have considered it but we have not changed the present provision which is f.a.s. Montreal.

Inquiries of the Ministry

EXTERNAL AFFAIRS

PARTICIPATION OF CANADA IN ANZUS PACT—STATEMENT IN NEW ZEALAND PARLIAMENT

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): I should like to direct a question to the Prime Minister. A press dispatch from New Zealand a day or two ago indicated that during a discussion in the New Zealand parliament one of the members had raised the question of Canada wanting to become a member of the ANZUS pact and being refused admission.

The minister of external affairs for New Zealand notified the house that that was not correct and is quoted as having said "Canada didn't want to be in." I should like to ask whether or not that explanation by the minister of external affairs for New Zealand is accurate.

Right Hon. L. S. St. Laurent (Prime Minister): I saw the Canadian Press dispatch in the *Citizen* of April 21. It was followed by a comment by the newspaper itself which I think states accurately the position. The comment was as follows:

> Canada has always expressed "interest" in the ANZUS pact of Pacific powers but the Canadian government has never taken the view that this country should be a member although this has been urged in parliament here on several occasions by members of the official opposition.
>
> External Affairs Minister Pearson has stated that if an invitation is forthcoming to join, it would then be considered. None has been forthcoming so far, and none is being sought.

That is exactly the situation.

Mr. Green: In fact the statement by the minister of external affairs for New Zealand is correct.

Mr. St. Laurent: My hon. friend can put any construction he likes upon the statement of the minister of external affairs for New Zealand. The fact is that no invitation has been forthcoming and none is being sought.

Mr. Green: Would it be accepted if it were forthcoming?

Mr. St. Laurent: The Secretary of State for External Affairs (Mr. Pearson) stated, and I think wisely, that that would be considered if and when it happened.

BUSINESS OF THE HOUSE

INQUIRY AS TO FURTHER LEGISLATION TO BE BROUGHT DOWN

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Can the Prime Minister say whether the government plans to introduce at this session any further legislation that is not on the order paper and, if so, will such further legislation include amendments to the Unemployment Insurance Act?

Right Hon. L. S. St. Laurent (Prime Minister): The matter of the Unemployment Insurance Act is still under very active consideration. As to whether or not there will be other legislation, I have not looked at *Votes and Proceedings*, but I believe there was a notice yesterday of a resolution and the usual bill for the capital financing of Canadian National Railways. With the exception of the Unemployment Insurance Act, which is still under active consideration which is apt to be finished today, I do not know at this time of anything additional that would require to be introduced.

SUPPLY

The house in committee of supply, Mr. Beaudoin in the chair.

DEPARTMENT OF TRADE AND COMMERCE

426. Departmental administration, $588,333.

Mr. Blackmore: Mr. Chairman, last evening I was quoting a number of small passages from the excellent speech made by the minister on April 17 and I was referring to expressions used which I thought it would be in the interests of the committee and the country to have the minister elaborate upon or explain. In order to give continuity to my remarks, this morning I shall quote again the last passage which I quoted last night, which was from page 4067 of *Hansard* of April 17. I quote:

> Canada and the United States have helped themselves and the world as a whole through the negotiation of extensive trade agreements, before the war in 1935 and 1938, and since the war under GATT at Geneva in 1947 and at Torquay in 1951. The unprecedented flow of trade between Canada and the United States today is conducted in accordance with the general agreement on tariffs and trade.

I asked the minister several questions, the first of which I shall repeat. I asked: Just how has Canada helped herself through GATT? At whose expense has Canada helped herself, if at anybody's? Just how has the United States helped herself through GATT and at whose expense, if anyone's? For instance, has this help in the case of one of these nations or the other been at the expense of Great Britain or some member of the British commonwealth? It would comfort us to be assured, and with proof, that such had not been the case.

Does the minister know who originated the idea that led to the instrument called GATT? Does he know what were the immediate objectives of the first movers in this con-

nection? For example, were the men who began this movement aiming directly at the destruction of imperial preferences and the pound sterling in the British commonwealth; in other words, not aiming at the welfare of the world at all but merely aiming at the opening of the markets of the British commonwealth to the United States? If that were found to be the case I think it would detract in some measure from the sanctity which is endeavoured to be cast about this whole GATT mechanism.

What were the ultimate objectives of this movement? For example, was it just to give the American people markets and to destroy the British commonwealth? I know it sounds harsh to suggest that a nation like the United States, that ought to be by far the most tenderly friendly nation towards Great Britain on the face of the earth, might be aiming directly at the utter destruction of the British commonwealth. I am afraid that some of the evidence available indicates that we had better not be quite too sure that she has not been seeking the dismemberment of the commonwealth, and is not now. By "she" I mean those who are deep in the American administration and are determining ultimate policy.

Does he know that the basic principle upon which GATT is founded is a fallacy, and that Samuel Crowther, in his excellent book called "America Self-Contained", makes remarks which indicate quite unanswerably that the belief in free trade is a myth, that there never has been free trade, there is not now free trade, and that with the world consisting of nations of such a wide variety of economies and economic strength it never can exist?

If this whole GATT idea is based on the ultimate validity of free trade, then this document is foredoomed to failure. Will the minister tell us what he knows about all this?

The next quotation from the minister's speech which I wish to read is to be found at page 4067 of *Hansard* of April 17, and is as follows:

> Since the tariff undertakings of the general agreement on tariffs and trade are firmly bound only until the end of 1953, decisions will have to be made amongst the countries concerned as to what further steps to take to safeguard the future of international trade. There may be a further opportunity to take steps forward in the reduction of tariffs and the elimination of trade restrictions, as an alternative to moving in the other direction. The interest of Canada in this matter is perfectly clear, because we require other markets to be open to our goods on an expanding scale.

Before asking questions, I draw attention to the fact that the statement which I have just quoted seems to be designed to give the idea that it would be impossible for Canada to get other markets and have an expanding scale of trade unless we have the mechanism called GATT. I might ask in a general way, how on earth did trade expand before men created GATT? I should like to requote the last sentence:

> The interest of Canada in this matter is perfectly clear, because we require other markets to be open to our goods on an expanding scale.

What has caused our expanding trade up to the present time? It seems to me, as I will develop later, that in this part of the passage I have just read there is an attempt to arrogate, shall I say, to the mechanism called GATT credit for all expansion of trade and the development of resources and production which has taken place during recent years.

There are however several statements in the minister's speech to which in fairness I must refer, which indicate that the objective which I have suggested was not predominant in these two passages, but nevertheless I think what I have said has some justification. As examples of passages which show that the minister is aware that other factors have entered into the situation, we find the following quotation on page 4067:

> That this is so is due primarily to the capacity and enterprise of the Canadian people and to the extent and variety of the resources which they have at their command.

That is quite correct. Again:

> Government policies, too, have played an important role, and I wish to refer briefly to some of the trade promotional activities of the Department of Trade and Commerce, particularly to the work of the trade commissioner service which is well known to many of you in a general way.

Again:

> —it was built up and organized on such a scale as to give Canada a really competent trade service in most of the world's principal commercial centres.

Again, in the next column:

> It was Canada's rapid commercial growth that accounted for this marked departure from the ordinary sequence of events.

If the minister desired to emphasize those considerations which I have indicated in these later quotations, then he pretty nearly hewed out from under GATT all the credit which it would appear he attempted to give in the two major quotations which I gave at the beginning of these remarks.

I would say that the whole of the minister's April 17 speech, as recorded on pages 4063 to 4068 of *Hansard*, appears to have been designed to convey to the house and the country that the highly gratifying growth of Canadian trade and production is largely, if not mainly, a result of the general

agreement on tariffs and trade, commonly called GATT, signed at Geneva in 1947, again at Torquay in 1951, firmly bound only until the end of 1953, and presumably desired by the present Canadian government to be signed again for another term of years.

Far too much credit appears to be sought to be given to the general agreement on tariffs and trade, far too much credit for the growth of our production and our trade. While other factors are by no means disregarded, there appears to be too little weight given to, first, the fact that we are at war or are in a war economy, a state of preparation for war, and the consequent physical and financial demands which naturally result from war. To give GATT credit for what is accomplished by being in a state of war preparation would certainly be obviously unrealistic. That is one of the kinds of thing to which I object. There appears to be too little weight given to, second, the richness and variety of our resources, which the minister mentioned in the passages I have quoted; third, the energy, resourcefulness and skill of our people, which the minister also indicated in the passages I have quoted; and, fourth, the growing industrialization of Canada.

Appropriate stress was laid by the minister upon what he calls "a really competent trade service in most of the world's principal commercial centres."

Nevertheless, all things being considered, his speech, whether intentionally or unintentionally, appeared to be, in effect, a propaganda speech, the over-all effect of which was to mislead the people in Canada and elsewhere, tending to encourage people to attach too much importance to, and place too much reliance in, GATT.

I should like to read a passage from the April 19, 1953, monthly bulletin of the Empire Industries Association and British Empire League. The passage, which I think has a message at this stage, reads:

> A gradual reduction in American exports on an agreed plan plus a commercial agreement which would permit a reasonable use of both tariffs and preferences would do more towards closing the dollar gap and making convertibility possible than has been done by GATT in the past, or could be done by its continuation.

There is one element in that passage which I think ought to be modified to some extent and that is the statement that there should be a gradual reduction in American exports. I do not agree with that particular part. I do not believe that there should be any gradual reduction in American exports but I do believe that American exports should not go into the economies of nations of the world, competing with the industries which those nations are endeavouring to establish. This latter kind of export of United States goods, which other nations of the world do not wish, would be forced into the economies of those nations to their detriment, whereas by rights those surplus American goods should be made available to the needy peoples of the world.

Once more may I say, Mr. Chairman, in all earnestness to the minister, that we in our generation simply must discover the means whereby we can take surpluses from our splendidly blessed countries and get them into the hands of the 1,400 million people who go to bed hungry every night. If we do not do that we will betray our trust in these generations in which we live.

One of the serious difficulties in respect of all proposals which emanate from the United States and Great Britain is that we find no indication whatever of their awareness of the urgent responsibility to get our surplus goods into the hands of needy people. I shall probably have more to say about that at a later time. As I see it, there is no escape from this responsibility, and so I would say that the surplus goods of the United States call for a means to be adopted whereby those goods can be put into the hands of needy people and not be thrust into the economies of other nations to the injury of the economies of those nations.

With these reservations I would say that the quotation which I read from the periodical issued by people who are realistic in all matters pertaining to trade is highly commendable, and I would suggest it as a sort of ideal to aim at as an alternative to GATT.

Mr. Sinnott: Mr. Chairman, during the debate yesterday the hon. member for Eglinton made quite a thorough and comprehensive speech on trade, along with various other matters. He referred to the fact that Canada as a whole had been doing a fair job of selling surplus products with the exception of certain farm products which were not now going to Britain, such as bacon, cheese, et cetera. Mr. Chairman, I think it can be said without contradiction that at the present time the only surplus products we have in Canada are a little canned pork and possibly a few dairy products.

Mr. Ross (Souris): What?

Mr. Sinnott: The reason for those surpluses is mainly the embargo which was placed on certain products because of the foot-and-mouth disease outbreak last year.

What the hon. member for Eglinton forgot to say was that Britain is able now to

purchase many of those products at a figure much lower than that at which our products are selling at the present time in Canada and in the United States. Take for instance beef which would cost Britain 35 cents per pound today if she were to buy from Canada. She is able to get Argentine beef laid down in Britain at the present time for 17 cents a pound. Suppose the wife of the hon. member for Eglinton were to ask him to bring home some meat for the daily meals. If there were three stores such as Loblaw's, A. & P., and Dominion Stores, and if two stores were selling meat at 40 cents a pound and the other selling it at 17 cents a pound, there is no doubt that even the member for Eglinton would stretch his dollar by purchasing in the cheaper market. I believe that the reason for Britain's hard dickering today is the dollar shortage. Despite the dollar shortage in Britain our government has done very well up to the present time in disposing of surpluses to other markets and, owing to the trade minister's mission to South America, we have found outlets for much more of our production.

Mr. Chairman, in listening to the somewhat lengthy statement of the leader of the C.C.F. party, and I see he is in his seat now, I was shocked to learn that he did not know why Canada's dollar was at such a premium today.

Mr. Coldwell: You tell us.

Mr. Sinnott: I am sure that it was a terrible blow to members of that party to find that their leader did not know the answer to that question.

Mr. Coldwell: Well, you tell us.

Mr. Sinnott: I am sure that it will be a severe blow to those who support the C.C.F. in Canada to discover that a man aspiring to the leadership of the C.C.F. in Canada does not know why Canada's dollar is at such a high level. Most assuredly such a man cannot be considered too seriously by the people of Canada.

Mr. Coldwell: You tell us.

Mr. Sinnott: I will give you my own opinion when we get into finance.

Some hon. Members: Oh, oh.

Mr. Sinnott: I did not interrupt the hon. member yesterday and I hope that he will be gentleman enough not to interrupt me today.

I rise to speak today because of the failure of Britain up to now to sign the international wheat agreement. I think that it would be a tragic mistake if we did not give Britain some inducement to enter into this agreement. During the war we lent Britain $1,250 million and then made a straight gift of $1 billion. Those were steps in the right direction in order to enable Britain at that time to buy much of the produce produced in Canada. Owing to her hard-pressed economy and preparation for this cold war Britain has rationed her people more severely than she did at any time during the last war. Owing to the very severe dollar shortage there is no question but what at the present time she is fighting for her very life and attempting to obtain cheaper food for her people.

An hon. Member: And shorter hours.

Mr. Sinnott: Mr. Chairman, it would be a calamity for the British empire if Britain were not to join this wheat agreement. It would also be a severe blow to Canada. If I am not correct in making this statement possibly the minister can answer later, but I think I am right in saying that Britain would sign at a figure of $2 a bushel.

Mr. Howe: Mr. Chairman, there is a resolution on the order paper having to do with the wheat agreement which I hope will be debated next week, perhaps early in the week. I think it would be much wiser not to discuss the wheat agreement at this time.

The Chairman: The point of order raised by the minister is well taken because, as the hon. member knows, we cannot anticipate discussion on a matter which is already on the order paper and which will come up later. Therefore, I will ask the hon. member to reserve his remarks on the wheat agreement until later.

Mr. Sinnott: Thank you, Mr. Chairman. I believe that the minister has good reason for saying what he has said, and I believe there may be good reason for some further negotiations before the deadline. In view of what the minister has said, I shall withhold my remarks until some future time.

Mr. Ross (Souris): I followed with considerable interest the over-optimistic remarks of my good friend the Minister of Trade and Commerce in introducing his estimates. I agree that Canada does enjoy an enviable position as a trading nation today. I think that Canada, with her undeveloped natural resources, should enjoy great prosperity in the future. We have huge resources of oil, iron ore, nickel, uranium, copper, pulpwood, lumber and many other very useful materials. We should be very proud to possess these resources. We have also a very industrious people in this nation, and that is all to the

good. Coupled with all this, we have had a great period of inflation. I believe it is acknowledged by our financial experts that the Canadian dollar now has a value of about 49 cents, and that should be taken into consideration in assessing these various matters. It does make a great difference to many people in this country of ours today.

While this country as a whole has enjoyed great export trade and prosperity, I am sorry to say that the same cannot be said of the farming population in this nation. They are in a very different situation. I feel in the past a greater effort should have been made, realizing that trade is a two-way street, to purchase from Great Britain more items needed for our defence program, such as tanks, airplanes and things that are in short supply for our armed services. Since the same minister is responsible for making these great expenditures, he should have exerted a greater effort to buy from Great Britain, thus making it possible for Great Britain to purchase more of our agricultural production. It goes without saying that we have lost a great deal of these overseas markets for products which have been mentioned such as apples, vegetables, meat and many other items. We did enjoy a good market for a number of those items, and those markets have been lost. I feel that the government has not put forth the effort that might have made it easier for Britain to purchase these things by supplying the equipment we need so greatly for our armed services at this time.

I think we have missed the boat in that respect. I do not think our farm population has ever been taken care of too well. According to the 1951 census there is 20 per cent and a fraction of the population located on farms in this country, and they only received 12 per cent and a fraction of the national income. In 1952, the agricultural statistics show that that income was reduced by 12 per cent, while the cost of farm production had increased by 5 per cent. This disparity is increasing day by day. Inflation is also increasing in this country, despite the fact that ministers say it has been checked. During the last month an item which certainly enters into western farm production costs, that is freight rates, was increased. The Minister of Transport admitted that this would have an inflationary tendency at this time. This is one item which enters particularly into western farm cost accounting. I say, therefore, that the farm population does not appear in this rosy picture painted by the minister.

[Mr. Ross (Souris).]

It has been pointed out by the Minister of Agriculture and others—in fact by the hon. member for Springfield, who just resumed his seat—that the only surpluses about which we have to worry are canned pork and frozen beef. Last evening the member for Eglinton put on the record the amount of wheat now held by the principal exporting nations of the world. I have in my hand a bulletin on grain stocks held in Canada as of March 31, 1953. The dominion bureau of statistics, in co-operation with the statistics branch of the Board of Grain Commissioners for Canada, has compiled this data. The total holdings in Canada as of March 31, 1953, are as follows: Wheat, 604 million bushels; oats, 309 million bushels; barley, 217 million bushels; rye, 22 million bushels; flaxseed, 7 million bushels. Those are the round figures, and there are some odd thousands to add. This statement shows that the average for 1943-52 is as follows: Wheat, 380 million bushels; oats, 223 million bushels; barley, 104 million bushels; rye, 9 million bushels; flaxseed, 7 million bushels. I would think that, apart from flaxseed, there is a great surplus shown by those figures. I believe that this is a cause for considerable concern amongst the grain producers of this country at this time.

I agree also that it is quite difficult for the minister to announce the initial payment that will be paid for grain produced for the crop year 1953. Such an announcement was made last year before seeding operations commenced, and we had hoped that in each year these initial payments might be announced as a guide to those who are planning their seeding operations. I hope the minister can announce those payments as soon as possible, because some farmers might want to make some shifts, although I agree that it is difficult under the prevailing conditions at this particular time.

With respect to the international wheat agreement, the minister has stated that we will be asked to discuss and ratify it at a later date, so I shall not go into any details on that. Much of the publicity concerning the agreement has been painting a very rosy picture, but I am afraid the results will be disappointing to the wheat producers of this country. It is understood that we shall have to ratify the agreement and there will be a debate then, but I should like to point out to this house and to the country that, in view of the stand taken by Britain, I do not believe we will definitely know what the position will be until after July 15. In answer to a question about the stand of the United States, the minister has pointed out that in all likelihood we shall have to take

a second look at this agreement following July 15 to see what can be done about quotas. The final position may be quite disappointing because, although all we read about in the newspapers has to do with the maximum price of $2.05, people are greatly concerned about the minimum price of $1.55. I do not wish to deal in detail with the agreement at all, but I did want to point out that situation. I think we should be giving it serious thought before we are called upon to ratify the agreement.

According to the report of the Canadian wheat board for 1951-52, which is the last official record we have, as a result of the operations of the international wheat agreement there was a difference between the average prevailing price for class II wheat and what the farmer actually received of 48 and a fraction cents a bushel, which amounted to $140 million on all the wheat included in that agreement. There was a considerable loss on that basis in every year of the agreement. Of course it is all water under the bridge as to the many hundreds of millions of dollars that the producers had to forgo in order to carry out the United Kingdom-Canada wheat agreement. They have had to make a great contribution. With respect to the price of domestic wheat in this country, may I say that I think it is unfair that the minister and his department, through the Canadian wheat board, should insist that the wheat producers of the prairies should continue to subsidize all the consumers of this nation to the extent that they do, because they purchase all their wheat on the basis of the international wheat agreement. I wish again to raise objection to that procedure and I hope that that will not be the case in the handling of wheat in the next crop year after August 1. I hope that discrepancy will be done away with.

I also want to repeat that on March 17 I asked the Minister of Trade and Commerce if he would refer this report of the Canadian wheat board to the standing committee on agriculture, and he said he had no objection at that time if they wished to consider it. Mr. Chairman, you know how all the committees of the House of Commons are organized. The majorities in these committees are members of the government. It is true enough that you are perhaps supposed to persuade the chairman to call a committee, but there were many matters of concern which we could have discussed had the minister referred this report to the committee and had they sat. There were many matters that could have been discussed, including not only the handling of our grain but other problems dealing with the Department of Agriculture as well. I am greatly disappointed that the committee has not been called. I noticed a press account one month later—I think it was last Friday or Saturday—to the effect that the chairman was going to poll the members of the committee and find out whether they wished to sit now and consider the report. I have pointed to the composition of these committees, Mr. Chairman; and I do not presume that, in this rush to finish up the business of this session, they will now sit. Certainly if they were going to do so, they should have met long before this, in view of the fact that this session of parliament opened last November.

I hope to have a great deal to say with respect to this international wheat agreement. I just wanted to register my disapproval of the fact that a greater effort had not been made to regain these markets for the agriculturists throughout this nation and also to point out the great disparity that exists between the position of these people and others of this nation at this particular time.

Mr. Thatcher: Mr. Chairman, I shall detain the committee for only a moment or two, but there are a few remarks I should like to make to the Minister of Trade and Commerce whether he wants to listen to them particularly or not.

Mr. Howe: I must.

Mr. Thatcher: Despite the statement which he made last Friday night—which was an optimistic one—I think there are some obvious weaknesses in his trade policies. I think probably the foremost one is the fact that he, in conjunction with the United States, has done little in an economic way to strengthen the NATO treaty alliance. As I understand it, our foreign policy is based largely on NATO. The objective of that organization is the building of a strong defensive alliance against communism. We have gone a long distance, in a political and military way, to strengthen NATO, but I think we have fallen down badly in an economic way; and I think the Minister of Trade and Commerce must accept a good deal of responsibility for that fact.

Article 2 of the NATO agreement calls for economic co-operation. Yet both Canada and the United States have refused to make it easy for our European allies to sell their products and merchandise on the North American continent. I cannot see how the NATO alliance can be a really integrated community unless there are greater economic

ties. I think the absence of those ties can undermine the military aspect of the alliance.

What exactly is this country doing today? On the one hand, it is sending military forces overseas, and giving huge financial assistance to defend western Europe against communist aggression. Then on the other hand it is following shortsighted fiscal, economic and tariff policies which are tending to prevent our allies from working out their own economic salvation. I suggest that the time has surely come when Canada should make it easier for our NATO partners to send their merchandise within our borders.

I want to agree with many of the members who have already spoken about the British-Canadian trade impasse. We have reached the point where our farm products are simply not being sold in Britain, with the possible exception of wheat; even that market we may ultimately lose. Harsh economic realities are forcing the British to buy farm products from those countries that are buying from her. It is quite true—as the minister has pointed out—that we have found an alternative market in the United States; and I think most farmers and Canadians are grateful for that fact. But we know that in the past the American market has not been a stable one. We know that it has been subject to recessions, and particularly to changes in tariff policy. Even at this moment the farm bloc in the United States is agitating for higher tariffs against our meat and our coarse grain.

I think we must face the fact that if there are surpluses in the United States, Canadian farm products in the near future may face exclusion from that market. Under these circumstances Canadians must realize that it is not only vital but a matter of absolute self-preservation for us to regain our British markets for farm products. I think failure to do so may mean that, in the next decade, a great many farmers may face financial ruin. I say that the Minister of Trade and Commerce, knowingly or otherwise, has led Canadian agriculture, within the last few years, down a kind of blind alley. We had better get out of that blind alley before it is too late.

What can be done to improve British-Canadian trade relations? I believe there is a great deal that could be done on both sides of the ocean. I think the first step must be taken by the British themselves. British manufacturers simply must become more aggressive in the Canadian market. Certainly any business experience I have had with the British leads me to believe that they today are not doing all they could to get into our market here in Canada. Many Canadian would-be buyers of British goods have recently been bewildered by the off-hand manner of British manufacturers. The British tell us, "If you do not buy from us, we cannot buy from you." Yet when Canadian buyers—and I include myself—genuinely try to buy British goods, they are finding it virtually impossible in many lines. Among British suppliers one often finds interest that is lukewarm or condescending, prices that are vague, delivery dates that are uncertain, and styles and models that are not suitable for the Canadian market.

Several months ago dealers from all over Canada met in the city of Toronto at the annual Canadian hardware show. In that automotive building were display booths for goods from many parts of the world including Britain, Germany and many other countries. Many hardware dealers went down there with a specific desire to buy British goods. I know that my own company had two buyers who wanted to buy British cutlery, British tools, British shelf hardware and the like. However they obtained little satisfaction from the British suppliers on that occasion and ended up by buying German goods. It may be that our company is too small for these suppliers to bother with it; but I would point out that there were hundreds of other small dealers in a similar position who were leaning over backward trying to buy British goods at that fair. Yet in many cases they found it impossible to do so.

Speaking of the hardware business, may I say that before the war we handled little else but British cutlery. We handled a great many British tools, British toys and a great deal of British chinaware. We should like to get such merchandise again; but no matter how hard we try, we are finding it extremely difficult to do so. I would tell my British friends that today there is a crying demand among hardware dealers, from one end of this country to the other, for British cutlery, British scissors and British iron and steel goods. Where can we get such merchandise? I ask British manufacturers what exactly is wrong. Sometimes I wonder if they really want to get into this Canadian market. Those of us who live on the prairies want to sell our farm produce to Great Britain. We know that it is common sense and good business for us to buy British goods in return, so that they can earn Canadian exchange.

The Saskatchewan government not long ago set up a special committee whose duty

it was to encourage a "Buy British" campaign. The Hudson Bay association, the Co-ops and other groups, have also sponsored "Buy British" campaign. Thus it seems unfortunate that today, for one reason or another, many lines of British goods are not yet available. I do not make these comments in a critical sense at all, but only in the hope that our British friends will realize that there is much they themselves can do to improve British-Canadian trade relations.

I think the British should realize that since 1945 they have failed to take advantage of the tariff concessions which we have given them. Time and again British products have enjoyed tariff advantages over products from the United States. Yet, invariably the British products have been swamped by American competition.

Today where tariffs apply, the British rate is usually about 10 per cent lower than the American. For example, let us consider the drug and chemical industry. The tariff on those products, for British goods, is about 15 per cent less than the tariff on similar American goods. Yet of the $200 million worth of those goods which Canada imported last year, Great Britain got $20 million and the United States $175 million. Then, Canada imports more than $20 million worth of coloured cotton fabrics each year. The duty on the British fabrics is 3 cents a pound less than that on the American. Yet the United States factories got nine-tenths of the business last year.

In the field of iron and steel products the picture is much the same. The British enjoy a tariff protection or advantage of about 10 per cent. Yet last year imports from the United States were valued at $1·2 billion while the imports from Great Britain were valued at only $130 million. I have spoken to many buyers who have gone to Great Britain in an endeavour to buy British goods. Sometimes they were successful; but many times they found it virtually impossible to obtain the supplies they wanted.

I repeat that I am not saying this to belittle British efforts in any way; I am saying it because I realize how vital it is for my province and, I suggest, for the whole country, to increase British imports. But it has got to work both ways. The British, as well as ourselves, have to co-operate. It seems to me there are a number of steps the British could take if they really desire to sell more goods in Canada.

First of all, I think they should send out a far greater number of salesmen to this country to directly contact Canadian importers and businessmen. Secondly, I think they should increase their advertising of British goods in this country. Thirdly, I suggest they should speed up delivery dates, and make those delivery dates specific, so that one could count on them. Fourth, I think they should give a greater degree of priority to the Canadian market. Fifth, I believe they should set up a more efficient system of spare parts and supplies in Canada. A great deal could be done by the British themselves to increase and improve British-Canadian trading relations.

Then, I believe a great deal more could be done by this government, if it were so inclined. For instance, I think the Minister of Trade and Commerce should set up an import committee, or a special branch within his department to encourage imports, particularly from the sterling area.

Mr. Howe: We have had that special branch for years.

Mr. Thatcher: Well, it must be very inactive.

Mr. Howe: It is very active.

Mr. Thatcher: I doubt it. Perhaps the minister should have that branch of his department get in touch with importers, and tell them how essential it is for this country to buy British goods.

It is essential for the government to do a public relations job in this connection. And secondly, as other hon. members have suggested, we should increase our defence purchase orders in Great Britain, assuming always that prices are competitive.

In the third place, I believe our crown corporations, such as the Canadian National Railways, the post office, Trans-Canada Air Lines, Polymer and others should be requested wherever possible to give a preference to British goods.

In the fourth place we should consider at this time the feasibility of making further tariff concessions to the British.

In the fifth place I believe members of the House of Commons, and particularly ministers of the crown, should travel from one end of the country to the other making speeches, pointing out to our people why it is desirable and necessary for us to trade with Great Britain—not primarily for any reasons of sentiment, but solely for reasons of our own economic self-preservation. The time is past when the government, and particularly the Minister of Trade and Commerce, can maintain an attitude of aloof detachment from the gravity of this trade problem.

The Canadian primary producers are calling upon the government for action. We think the only answer to the British-Canadian trade impasse is a "Buy British" campaign.

Mr. Brown (Essex West): Mr. Chairman, may I first of all express to the hon. member for Peace River my appreciation of his relinquishing his time so that I might proceed. Duties which I have undertaken in connection with the work of the House of Commons have made it impossible for me to be present on most occasions when the house is sitting. It will be impossible for me to be here either this afternoon or this evening because of those duties. Therefore I appreciate the courtesy that has been extended to me.

Recently, and for a period of time, remarks have been made both in and out of the house which have been derogatory, to a large extent, of an industry in my constituency. Therefore I should like to say a word or two concerning the automobile industry in Canada, and particularly deal with the manner in which it affects the people of Canada, and our economy. I shall refer to its effects on the farmer on the prairies, the logger in British Columbia, the fisherman in the maritimes, as well as the workman in the factories of Ontario and Quebec.

I am, Mr. Chairman, not unconscious of the fact that I am speaking for the rank and file of the little people of my own constituency, four-fifths of whom are engaged directly or indirectly in the manufacture and assembly of automobiles, or the parts and accessories that go into the production of the automobiles. Of that four-fifths, three-fifths of my people are engaged in the direct manufacture and assembly of automobiles with the Chrysler, Ford and General Motors corporations, in chief, and the other one-fifth of the four-fifths are working for the some fifty odd feeder plants in my city.

The other main centres for the production of motorcars are presently at Oshawa, Ontario, where two-thirds of the population work for General Motors, and the feeder plants situated there, and at Hamilton, Ontario, where the Studebaker Corporation now produce motorcars.

In Canada there are now four companies which produce passenger cars and trucks. Then, of the aforementioned, there are two companies which produce passenger cars only. There are also four companies which produce trucks and buses exclusively. This is apart from the companies which import complete vehicles from the United States and the United Kingdom. These latter maintain some type of distribution facilities but are not regarded as a part of the automotive industry in Canada.

The first automobile produced in Canada was manufactured in Windsor, Ontario, in the year 1904, almost fifty years ago. There were imported models, or horseless carriages, introduced to our country before that date, but the more advanced motorcar came to Canada from the United States through Windsor in the year aforementioned.

The 1904 model was a crude creation in comparison with the sleek, comfortable and speedy models of 1953. When one looks back at the improvements that have been made in the last 50 years one cannot help but think of what the next 50 years will bring in the way of jet propulsion or atomic energy as applied to the automotive industry. We in Canada can be sure that when these means have been developed to the proper stage the ingenuity and progressiveness of the automobile industry in Canada will adopt such advancements as may be applied for the full benefit of Canada and Canadians.

I am sure that in 1904 that small carriage company at Windsor, the manufacturer of the original motorcar, little realized that in 50 years the industry which they were getting under way would grow to be the second largest in Canada, second only to the pulp and paper industry as an employer of people and in the total wages and salaries paid. In 1952 the total value of the products of the automotive industry, including vehicles and parts, was estimated at $717 million. Little did those pioneers realize in 1904 that within 50 years there would be at a given time over three million motor vehicles on the roads of Canada and that those vehicles would represent an investment by their owners of more than $4·5 billion. That investment is greater than the total value of all lands, buildings, implements and livestock in the agricultural industry in Canada.

In 1952 automobile firms directly employed over 35,000 men and women with wages amounting to $132 million. Indirectly employment was given through 350 feeder plants to 148,000 persons who were paid $112 million. Those people were employed on automotive contracts during the period 1951-52. With the phenomenal growth of industry in Canada it is reasonable to expect that this industry will increase correspondingly in the years to come.

I have said that the industry was concentrated in Windsor, Oshawa and Hamilton, Ontario, but those are only the places where motorcars are manufactured. Oakville, Ontario, will soon become one of the leading centres in Canada for the assembly of motorcars. The whole economy of the country is supported by this industry. We must realize that it provides a market for the products of mine, forest and farm throughout the whole country. I regret that I have not available the amounts spent directly by the automotive

industry on subsidiary industries and feeder plants, but I do have the information given by the president of one company to a group of members of this house in this building early this year. He indicated the amount which his company had spent in the various industrial centres in 1952. It must be remembered that there are four companies manufacturing motorcars, as well as other companies producing trucks and buses, so it will be seen what this means to the industrial life of our country and to the many industrial centres represented by members of this house.

This one company in 1952 made the following expenditures in the following centres:

Chatham, Ont.	$ 820,000
Montreal, Que.	4,082,000
London, Ont.	2,184,000
Stratford, Ont.	346,000
Kingston and Gananoque, Ont.	536,000
Hamilton, Ont.	7,450,000

These are only a few of the leading towns in Ontario and Quebec which have benefited directly from this industry. Altogether there are between 350 and 400 communities in Canada which share in the business created by this industry.

Apart from the independent garage men and dealers in imported cars there are 5,200 automobile dealers in Canada selling cars and trucks under licences from the manufacturers. These dealers employ about 55,000 persons who are paid over $132 million a year in wages and salaries. If we were to group all the automotive industry together, that is the manufacturers and the people who work in the factories, the feeder plants with all their employees and workmen, and the dealers with all their salesmen and mechanics, we have an industry employing 238,000 men and women with a combined payroll of over $376 million. That is over $1 million per day which goes into the pockets of Canadian labourers, clerks and technicians.

This is not the only contribution made by this industry to the economic welfare of Canada. The demand for certain types of steel has led to the establishment of facilities for the production and processing of such steel in Canada. This steel need not be imported by other users as it is made available to the manufacturers of other commodities. With the development of Canada's vast iron ore resources, the establishment of these and other steel processing plants and the knowledge derived therefrom will be of immeasurable benefit in the future industrial growth of our country.

This industry is highly competitive and as such engages the most highly trained personnel, engineers, draftsmen, tool makers, accountants and highly-qualified office workers. It is a magnificent industrial training ground and a leader in developing and adopting new methods and techniques which will facilitate higher and higher production with lower and lower costs.

This know-how and technique is available for the defence of Canada in time of war. This was proved during world war II. The knowledge of means and methods of mass production enabled the industry to turn out hundreds of thousands of motorized units for our armed forces. It also produced parts for tanks, gun mountings, aircraft components, parts for ships and complex secret devices which the technicians of the automobile industry were well trained to execute and bring into being.

Objections have been taken in this house relevant to the differential in automobile prices in the United States and Canada. I agree that at the present time there is a variance of about $450 in the price of the popular four-door model of the three most popular lower-priced cars. This does not take into consideration a slight reduction in price made recently by one of the manufacturers.

Let us see how this is made up, and I take my information from a publication of the Canadian automotive chamber of commerce. The factory list price in Canada of this model is $1,836; the factory list price in the United States is $1,609, which gives a differential of $227. There is a sales tax in Canada of $145 and as there is no sales tax in the United States that gives a further differential of $145. The excise tax in Canada is $217 as compared with $134 in the United States, which gives a differential of $83. The total sales and excise taxes are $228 greater in Canada than in the United States. Therefore the price to the Canadian consumer is $2,198, and to the United States consumer $1,743, or a differential of $455. With the permission of the committee, Mr. Chairman, I should like to place on *Hansard* a table giving the figures I have just quoted.

The Deputy Chairman: Is it agreed?

Some hon. Members: Agreed.

Mr. Brown (Essex West): The table is as follows:

	Canada	United States	Differential
Factory list	$1,836	$1,609	$227
Sales tax	145	nil	145 | $228
Excise tax	217	134	83 ⌋
	$2,198	$1,743	$455

The basic difference in price therefore is $227 per car. The balance of the $455 I have mentioned is in our hidden taxes. We in

Canada have made tremendous strides in our industrial growth, especially in the last four years. We as Canadians take great pride in our country. We have no desire of being merely the woodshed of the United States. Neither are we content to remain an agricultural community without a market for our farm products. It is essential that we have a well balanced economy in which the workman in the factory supplies the tools and equipment and the farmer on the land provides the food and raw products, but one in which both obtain a fair share of the profit.

Before there was any motorcar industry in Canada there was a customs duty of 35 per cent on automobiles. But there was no automobile industry to protect. The customs duty was and has been a source of revenue in Canada. Since United States manufacturers have seen fit to establish the industry in Canada, the customs duty has been reduced at various stages until it is now 17½ per cent on motor vehicles imported from the United States. The United States manufacturer is well able to supply the needs of the Canadian market at any or all times, but because of the tariff protection he finds that the motor vehicle can be manufactured in Canada using Canadian labour and a large percentage of Canadian material for less than what the motor vehicle would cost in the United States plus the duty to import it into Canada.

At the present time Canadian manufacturers import the frames for motor vehicles as well as the metal bodies. A few other minor parts are manufactured in the United States. On the other hand, there are many feeder plants in the Windsor area in particular which are manufacturing parts for American automobile manufacturers in job lots. Just a few days ago I had the pleasure of visiting one of these plants and there found that a great deal of their work comprised jobs for United States manufacturers which were rush orders.

The reason for importation of frames and metal bodies is that the equipment necessary for these parts is terrifically expensive and it is found that the parts can be imported and duty paid for an amount less than it would cost to build a piece of equipment to perform the operation. If a huge stamping machine or press is constructed to stamp out the metal body for a car at a cost of $200,000 —and I have no idea whether or not that is anywhere near correct as I have no connection with the automobile companies themselves—the cost of that press must be added to the price of the particular model sold. If 100,000 units are sold, $2 per unit of the sale price must be applied to the cost of the press. If 1,000 units are sold, for the purpose of my argument, then $200 of the sale price must be applied to the cost of the press or machine. This means that the selling price to the consumer of the individual unit must be considerably higher when there is smaller production.

Human nature being what it is, human tastes being fickle, and the needs of the purchasers being varied, there is not just one body model stamped out of the sheet metal. Each year the public and the public alone demands new and improved models which mean new dies and presses and increased expenditures resulting in higher prices to the consumer. This applies not only to metal bodies but to all parts of motor vehicles. The dies used in a punch press or stamping machine will make a thousand units or a million. If a million are made the cost of the die can be spread over the larger production. The same applies to component parts of a motor vehicle. An order for a million units will enable the feeder plant to cut its costs so that the unit can be supplied for less than the per unit cost of a small order.

The population of the United States is about 150 million people. In Canada we have only approximately 14 million. Production in the United States in 1952 was about thirteen times that of Canada. Therefore we can see that by reason of the greater population and higher demand orders will be much larger and costs will be correspondingly reduced. We are therefore paying an additional $227 per car for the privilege of buying a Canadian product, using Canadian labour and materials, and building up a balanced economy in the country.

In addition to the $227 for the privilege of buying Canadian, the consumer is paying an additional $228 approximately in hidden taxes which goes to pay for our national defence, family allowances, old age pensions, unemployment insurance, etc., for the benefit of all Canadians.

Remarks have been made at times that the automobile companies are making huge profits. Personally I do not represent any automobile company and have no stock in automobile companies, but I am vitally interested in the automobile industry because they are employers of labour in my community. I am sure that so long as there is a Liberal government they will be making money, and I like to see them make money because when they are making money the rest of the country is prosperous.

However, a few days ago I saw the annual statement of one of the larger companies

which showed that there had been a considerable profit; but when you stop to consider the amount of sales the profit amounted to something like 6 per cent of the sales made by the company last year. I do not think 6 per cent is considered to be an excess profit. I think you will find that the grocer considers that he has to make more than 6 per cent on his sales unless of course it is a huge supermarket. I think that the farmer considers he has to make more than 6 per cent, and I do not think anyone in this house or out of it will consider that a profit of 6 per cent on gross sales of any company or individual is excessive. That is what the profit was in this company. That does not take into consideration at all the amount invested as capital investment in the company but is merely the profit on sales.

Therefore, Mr. Chairman, it is my view that the automobile industry is a vital part of the economy of the country, and as long as we provide a healthy atmosphere for business and commerce I am sure that the automobile industry will succeed and prosper and will give employment to individuals and small corporations throughout the whole country to the benefit of all.

Mr. Nowlan: Mr. Chairman, the hon. member for Peace River has always been noted for his courtesy and co-operation and he deserves, I think, a special credit this morning as does the hon. member who has preceded me. I want to express my appreciation to them for having made way for me. Actually, the hon. member for Peace River should have spoken, but owing to an appointment which I have after lunch he agreed to let me speak now.

I do not wish to speak at any length in this debate but there are one or two matters which I wish to bring before the committee at this time. The Minister of Trade and Commerce has given us a very glowing picture of the trade of this nation and I do not think anyone can quarrel with the figures which he has presented. I would, however, like to direct to his attention one matter which is of particular importance. When the minister returned from his trip to South America some time ago he gave us a very glowing picture of the trip and of the possibilities which might flow from it. The minister can paint a glowing picture and gild the clouds, as we know, and he can also be most forthright and most direct—as he usually is. Some months have elapsed since he made that trip to South America and I would like the minister to deal specifically with it and to tell the committee this afternoon when he speaks just what concrete results he expects to flow from the trip. It is a matter of interest of course to all of Canada but particularly so to those of us in the east who are using maritime ports.

There was a time when we had extensive trade with Cuba and with the West Indies but our trade with South America has never been as satisfactory as we would like. There are undoubtedly possibilities for development there that the minister, with the research that he has done upon this, with the personal contacts he has established there, and with the emphasis which has been laid upon the possibility of the development of that market, should be in a position to speak upon concretely and directly to us. He might tell us what trade will flow or develop from his trip and from the publicity work which has gone into the development of that market.

The second matter I would like to draw to the minister's attention is one that I am sure he appreciates already. It concerns the proportion, the increasing proportion, of Canadian goods which are being directed for export through American ports. We have just listened to a graphic picture of the development of the automobile industry in this nation and of the importance that industry plays in our economic life. We all recognize that and appreciate it, and I think that Canadians generally are proud of the industry and are prepared to support it in any way possible as part of our integrated economic activity.

However, when one looks at the export figures one cannot help being alarmed at the increasing number of automobiles which are being produced in Canada for export and which are being exported through American ports rather than Canadian ports. I know that the minister can say that it is a matter for private enterprise and what can you do about it. It is true that it is a matter of private enterprise but private enterprise is very often influenced, and assisted, by national policy. The automobile industry is one of many private industries which have undoubtedly benefited by national policies inaugurated by this and preceding governments. I think that a government through its national policies can influence the development of private industry in more than one field and certainly this is one which is of tremendous importance to those of us in the east because although our exports are increasing and developing rapidly, the proportion of those exports going through American ports is increasing rather than decreasing. In the automobile industry it is particularly marked. When the minister speaks this afternoon I would like him to refer to that situation and tell us what if anything can be done to further the development of trade through Canadian ports. When I say "Canadian ports" I include all of them although the figures I refer to have application to the eastern American ports where trade has been diverted through government railways and other means to American ports.

Mr. Chairman, there is only one other matter to which I wish to refer and it is one that is of special importance to my own constituency. It has, of course, been mentioned before. It was mentioned last night by the hon. member for Eglinton, and other speakers have talked about it. Nevertheless it is a point which I want to stress formally, and that is the supreme importance of again getting access to the sterling markets and the markets of Great Britain. As all hon. member have said, it is a matter which is of importance to all of Canada: but there is no constituency in Canada, no area in Canada, which is more greatly affected than that which I have the honour to represent—the Annapolis valley with its fruit-producing industry. Not so many years ago the Annapolis valley produced and exported more apples to Great Britain than all of the rest of the empire and commonwealth together. As a matter of fact Great Britain imported more apples from the Annapolis valley than she did from all of the rest of the world—and that was just prior to the last war. Since then our exports have continued to go out the window for various reasons until last year we did not ship one single barrel or box of apples from Nova Scotia.

Mr. Howe: But a good many apples were shipped.

Mr. Nowlan: As the minister says, a good many apples were shipped; but, fortunately, the American crop was light and the Americans were in the market for our apples. Because of that fact we were able to send substantial quantities of apples to the American market.

Mr. Howe: If my hon. friend does not mind my interrupting him, since he is not going to be here this afternoon—

Mr. Nowlan: Quite all right.

Mr. Howe: Last year we sold to Britain 706,000 bushels of apples valued at $1,581,000. I suppose that if none were sold there from the Annapolis valley there was a better price in the United States—and that must be the answer.

Mr. Nowlan: I am not familiar with the figures and all I know is that last year no apples went to Britain. Whether there was a carryover from the preceding year I do not know, but it is true that last year in the valley, as was generally the case, the crop was small. I think it was small all over the continent and certainly it was fortunate that was true in the United States. Because of the drastic shortage of apples in New York and Virginia, American buyers were in the valley almost clamouring for apples. Of course, there are economic developments in the industry. For instance, baby food—and to use a popular phrase, because I do not know the technical term—I suspect that manufacturers of Pablum and other baby foods are today in the market for thousands and tens of thousands of bushels of apples. A few years ago that market was not open to us. From time to time there will be crop failures in the United States and we will be able to ship apples there on those occasions—and we will be very thankful when those opportunities present themselves.

Mr. Cruickshank: Everyone wants B.C. apples.

Mr. Nowlan: I am not going to enter into a discussion with you on that; but I am sure that if there were enough Nova Scotia apples for general consumption then those who were able to get them would not want British Columbia apples and they would hardly recognize them as such.

Mr. Cruickshank: We ship them to Halifax.

Mr. Green: Be careful.

Mr. Nowlan: I am not going to indulge in that discussion but I am more alarmed at the remark of the hon. member for Vancouver-Quadra than that of the hon. member for Fraser Valley.

What I am saying is that the American market, though in some ways it may be a substitute from time to time, is not a solution to our problem. That is obvious for two reasons. In the first place, as the minister knows better than anyone else, our trade balance with the United States today is such that we are in a most vulnerable position. Figures have been put on the record before and I am not going to deal with them now, but our imbalance of imports over exports is such that we are not in a satisfactory position. More than that, the Americans produce large quantities of good quality apples and when the crop years are right they themselves have a surplus. As the minister knows, they not only supply the local market but unfortunately they export and they receive a bonus for offshore trading which—even if we did get access to the export market—puts us in a difficult position.

The last time we sold apples in any quantity to Great Britain, the United States producers were getting a bonus of $1.25 per box on the export market, and we had to meet that in order to get into the market. We are prepared to do that. The industry in the valley has been revolutionized, owing in part to help from this government and in part to the energy which has been shown by the growers themselves. The industry has

been put in a position where, from a production standpoint, it will compete favourably with any apple industry in North America. But it does need the export market. Situated in Nova Scotia, on the periphery of this continent, the industry is to a large extent precluded from taking advantage of our own market. But by that very geographical position, jutting out as a sort of wharf into the Atlantic, we are enabled to take advantage of the British market. We can truck the apples to Halifax, put them on a boat and land them in the British market within a few days.

But something more must be done than has been done in that connection. I am not going to review what has been said before. We know the record of our demands that greater emphasis should be placed on the development of the British market. We have had resolution after resolution moved to that effect defeated by the government majority here because they have suggested that there was nothing that could be done. Now, we read in the United States papers, and I noticed in the New York *Times* the other day, that responsible writers are prognosticating movements which are taking place behind the scenes. It is alleged that there are discussions between the Canadian, United States and British governments, as well as the international settlement bank, as a result of which something is going to be done to bring about convertibility of currencies. I think that is possible, Mr. Chairman.

If such developments are taking place, then we should know about them now. The fruit industry is not one in which you can operate on short-term planning. The growers should know now what the possibilities are so that they can decide whether or not they can afford to spray, and whether or not they can afford to look after their crop. They could decide whether or not there is any possibility of a market for the crop. There is nothing which is more important to the people generally across Canada, and particularly in my own constituency, than the necessity of once more getting access to the British market. I hope when the minister speaks again this afternoon he will, if he can, deal frankly with this matter just as he usually deals frankly with these matters. If he can make any statement with respect to developments, I feel he should do so and give us the information now to enable the growers to make proper plans for this year's production.

Mr. Low: I have been keenly interested in this whole matter of trade for quite a number of years, and although I have not spoken too often about it in the house yet I have listened with great respect and interest to those things that have been said and the various policies and proposals put forward by means of which it was hoped to assist the world to get back into some sort of balanced economy. I feel that I should speak at this time to put forward once more the views which I have held for a good number of years, and also put before the minister a matter of great interest and concern to my own constituency.

First I should like, Mr. Chairman, to deal with trade generally and to trace, for just a moment or two, some of the facts about world trade which have contributed to the present impasse. For a number of years now, I shall not attempt to say the exact number, there has been what may be called a maladjustment in the world economy. This maladjustment has been of tremendous concern to most thinking people, and I imagine it has to the government. What I have observed thus far as a consequence of their concern has not impressed me as being action that would in any way tend to alleviate the serious condition. I think that if we had followed different policies from those which we have followed, particularly since the end of the war, or if one were to name a specific date, 1949, we could have prevented some very serious dislocations that have occurred in our own Canadian economy. I might refer, as one specific example, to this whole matter of the fruit marketing which the hon. member who has just finished speaking mentioned.

This maladjustment of the whole world trade and economy I think has shown itself more particularly in the relationship between the dollar and sterling areas. Since 1949 a number of discussions have been held amongst the various nations concerned, and attempts made to find some sort of makeshift, I shall call it, because that is all they seem to have been trying to do. They have been finding some sort of makeshift to enable the sterling area to carry on just a little bit longer without collapse. It seemed to me that there was nothing fundamental in their search or in their thinking; it has been somewhat superficial. Let us put crutches under the old thing they say, to hold it up a little longer so it will not completely fall on us.

So far as I am aware, no real effort has been made to get down to the real root of things with a view to finding a permanent solution to this very serious maladjustment. What happened, for example, at the recent Washington conference has been kept strictly secret. We do not know, therefore, what proposals were put forward. Certain things leaked out, I suppose, and became confused. The suggestion is that, out of the Washington

conference, there is going to come some successful solution to the inconvertibility of currencies. Well, Mr. Chairman, I think that we should have been given a whole lot more information than we have been given about the results of the Washington conference. We are in the dark, and as a consequence it is very difficult to discuss in an intelligent manner the problem that we now face with respect to world trade. Until we do get that information, I suppose we shall just have to go on putting forward the ideas that we feel are sound, and I hope that some time the government will make it possible for us to know a little more. I am convinced that nothing short of a fundamental change in outlook on the part of the nations concerned can produce a permanent remedy to the trade sickness which has so long afflicted the world.

Now, getting right down to basic considerations, I think it can be demonstrated that the United States has had a wrong outlook for quite a number of years towards this whole matter of trading. I am not attacking the United States at all when I say that. But when any nation with the industrial might of our good neighbour to the south has a wrong attitude toward this world economy, unbalance is bound to result. Then, when other nations like Canada voluntarily follow the United States in their wrong outlook, the unbalance of course is seriously aggravated; that has been the case in the past few years. Finally, when under political pressure the rest of the world is whipped into line by the United States, then it becomes next to impossible to restore the equilibrium in trade matters until that outlook is changed.

Now there is not the slightest doubt in my mind that the source of the world trade slump is the economic unbalance that has been brought about by such a policy on the part of the policy makers in the United States and Canada, and their inability to face the realities or to base their policies upon realistic thinking as to what would balance the economy from a world point of view. Now, what is a balanced economy? I say it would be one in which the production and exchange of different kinds of commodities and services corresponds very closely to human needs. Nothing less than that could possibly be called a balanced world economy. That is the only kind of world economy, in my judgment, that could flourish and expand steadily in the years ahead. Right now, this world does not have such a balance. I would say it is far from it, largely as a consequence of selfish shortsighted policies laid down and slavishly followed by, I will go so far as to say, adolescent human beings or, in the alternative, forced upon nations by powerful financial and economic combinations of men. It should be perfectly obvious, I would think, to any grown-up, mature person that the only way to correct—in a permanent way, let us say—the present economic unbalance in the world is to restore the balance as quickly as possible. That is just ordinary, common horse sense. I realize that what I suggest is a big order, of course—how to correct the unbalance as quickly as possible—and I admit at once that it is much easier said than done. But it must be clear to anyone in this committee that it will not ever be done unless we deliberately and with determination set out to do it, and not just attempt to put crutches under an old arrangement which just cannot possibly stand by itself.

Over the years the United States has built up an ever-expanding balanced economy, balanced internally as well as externally, except when she refuses to recognize that the rest of the world cannot buy from her unless she is prepared to buy from them. She did so by protecting her own industry from external competition that might have been a destructive type of competition without that protection. She also built it up by attracting both skilled manpower and capital from Britain and other parts of the world in the early stages of her development. By the time world war I ended the United States had built up a tremendous surplus productive capacity and, as a consequence, the United States forced huge quantities of surplus goods into the channels of world trade without any effort to create an external balance either by increasing her imports or by consistent investment in other countries. Consequently by 1931 the unbalance had become so terrible that it erupted into the great depression that became world wide.

Faced with the necessity of trying to do something about it, as you will recall, the countries forming the British commonwealth of nations organized amongst themselves a preference system in order to present some sort of balancing factor in the world so as to offset the unbalance that was created by this huge United States industrial upsurge and the lack of world responsibility that was so evident within that country. This organization of a preference system amongst themselves helped the commonwealth nations tremendously and as a consequence they enjoyed a measure of balanced expansion for some years. But the nations of Europe which were prevented from helping each other to form an expanding, growing economy by the most-favoured-nation clause that was inserted in trade treaties were obliged to resort to every kind of restrictive device in order to save themselves. I speak there, of

course, of the unconditional most-favoured-nation clause in trade treaties.

World war II, I think, served only to aggravate the serious unbalance of the period between 1918 and 1939. Then to make matters worse, the United States threw all of its immense political and economic weight into what amounted to enforcement over the whole trade world of the very obstacles to recovery which had earlier been placed there; and she has been determined to prevent the building up of nation groups, with combined resources comparable to those of the United States, which would be capable, of course, of holding their own through a balanced, mutually expanding production and exchange among themselves, if necessary. The terms of the Washington loan, the Bretton Woods agreement, the Geneva agreement and the Havana charter have all been witnesses to the truth of that determination that I have spoken of on the part of the United States.

I am convinced that the only remedy for the present trade stalemate is the restoration of world balance by co-operation between relatively weak and unbalanced countries. They should be allowed to do that without any interference or restriction. As to whatever pledges the countries made under Bretton Woods, Geneva and GATT, anybody knows that they will inevitably and eventually be forced to evade them. The United States is evading them now. Other countries are forced to evade them. They cannot keep those terms and live up to their agreement, so they are being evaded wholesale today. The nations that are precluded from the free and flexible methods of co-operation by such things as mutual tariff preferences are having to resort to something else.

I am becoming much more impressed, Mr. Chairman, by the necessity for having the nations completely free to take whatever action they feel, in their own wisdom, they ought to take on the highest moral plane to bring balance and decency into this whole system of world trade. If they were allowed to build up mutual tariff preferences wherever it was found necessary, and freely adjusted currencies, I am sure they would not be driven by necessity to try to achieve something by such things as fixed import quotas, exchange controls and bilateral bargains that try to get in under the wire. Some of these things I have mentioned are damaging to their own enterprise and initiative as well as to world trade as well. I think the history of the nations in the last ten years would indicate that that statement is perfectly true. As I said, I am becoming a great deal more impressed every day by the necessity for leaving the nations completely free to take whatever action they feel, in their wisdom, they ought to take so that they can bring some sort of balance, decency and fairness into world trade.

At one o'clock the committee took recess.

The committee resumed at 2.30 p.m.

Mr. Low: Mr. Chairman, to continue what I had begun to say before lunch, in recent years Canada has drifted into the habit of buying from the United States, and at the same time trying to sell to Great Britain and to Europe, and then leaving it to others to complete the triangle of trade. This, of course, is exactly what the others cannot do under the present unbalance of trade.

Since 1949 Canada has found herself in the position that her natural and her best markets are increasingly restricting their purchases from Canada, except where they are paid for by the aid which these countries receive from the United States. Canada was the only commonwealth nation which, at Geneva, did seriously reduce her preferences on British imports.

I have often been led to ask our policy makers if they did not realize that by taking that action Canada was only adding to the difficulties that were faced by Great Britain in buying from Canada. We in Canada have drifted into a state of thinking that we are actually in the dollar area, although in our interests and our sympathies, as well as economically, we are linked a whole lot more closely with the British commonwealth and with Europe.

I wonder what would be the real difficulty in Canada's acknowledging that fact in the currency arrangements that she makes. Some time ago, when the Minister of Agriculture was in England he gave a speech in London in which he stated that some arrangements would have to be made by which Great Britain could buy her foodstuffs and other supplies in Canada, and that no currency restrictions ought to stand in the way of the successful achievement of that objective, and the achievement also of a balance in world trade. There is sense to what he said.

Undoubtedly the Minister of Agriculture realized that what I am saying now is true, that economically and in many other ways we are linked to Great Britain, the commonwealth and Europe more closely than with the United States, although in recent years we have got into the habit of thinking that we can tie ourselves to the United States and be safe. That is not true. I think we are finding it more so every month.

I believe Canada should have started as far back as 1949 to accept payment in sterling for any balances owing us by Great Britain and by other parts of the sterling area. I realize all too well that it would probably have been necessary for us to accept sterling at a rate which we ourselves would find most convenient. I do not think there would have been any difficulty in arranging that, either.

I should point out, too, at this stage that the sterling area is a free association whose members can at any time change their rates to meet their requirements. If we had agreed to accept sterling, as I have suggested, and set a rate to suit our convenience, we could have shared with Great Britain a certain amount of protection against American competition, and at the same time we could have ensured that our people could enjoy satisfactory prices on the imports we bring into this country.

The only difficulty I can see about accepting sterling would have been this, that for the time being at least Canada would have found herself accumulating a surplus of sterling above our current requirements. These surpluses would, I suppose, have to be invested temporarily in the country owing the balance. But to offset that, there is every evidence that Canada has reached a stage of development where we could do that sort of thing safely, especially if we limited our commitments to a certain maximum figure until such time as the trade volume with the sterling area has come more nearly into balance.

Under such an arrangement, of course every sterling country, instead of restricting its purchases of Canadian goods, as those countries have been doing for the last few years, I think would go all-out to buy every pound of foodstuffs and other materials Canada could produce. I am satisfied European countries would have followed suit as far as they would find sterling an easier currency to meet than the American dollar. Instead of thinking about restricting the production of Canadian foodstuffs, as we have been thinking about it—and some of the farmers have been told they ought to do it—we could open up the valve and go all-out in production. There is a wider and perhaps much more important result than this that would have accrued from our willingness to accept sterling in payment for balances with Great Britain and the sterling area. I think that such action would have gone far to strengthen the sterling area, and by now we probably would have begun to see some hope of achieving a balance in world trade.

[Mr. Low.]

I am convinced it would have been greatly to Canada's advantage if we had adopted the policy I have suggested as early as 1948, or certainly by 1949. I am also convinced that world balance in economy and trade can never be achieved under rigid agreements like Bretton Woods, Geneva or GATT. It can be achieved only if all the nations find themselves free to take whatever action they feel it is desirable to take, particularly along the lines of setting up and arranging mutually satisfactory co-operative associations, wherein they could present a united and comparable productive front to the great world industrial giant, the United States.

I should like to conclude this part of what I have to say about trade by pointing out the problem faced by the people in the United States today. To do this I should like to read briefly from the *Alberta Wheat Pool Budget* of April 17, 1953, where, under the heading "U.S. Farm Problem", it says:

> The United States government has $2,900,000,000 tied up in its farm price support program. As parity prices are guaranteed on principal farm products to the end of 1954, the government of that nation is somewhat in a quandary. The chief products involved are wheat, corn, tobacco and cotton.
>
> Overseas markets for U.S. farm products are drying up. That is the main cause of the domestic problem. Farm exports in January were 29 per cent below a year ago. Cotton exports were down 63 per cent. Broader export markets are urgently needed, mainly by wheat and cotton growers. Higher import tariffs on the other hand are wanted by the dairy industry. This conflict puts the government under pressure. The administration would like an extension of the present trade agreement program allowing more time for study.

When you contemplate that situation, and also the situation that exists here in Canada, perhaps to a lesser degree at the moment but certainly growing, it becomes abundantly clear that we simply must find some means of distributing these surpluses. The suggestion that has been made of setting up a world pool or an international commodity clearing house organization for the distribution of surpluses seems to me the best that has been made thus far. We must find a way of distributing to the people who need them the surpluses that are bound to occur as we open the valves of our productive capacity and go all-out in peacetime production.

We are told that we had in Canada last fall something in the neighbourhood of 700,000 cases of salmon many of which are unsaleable at the moment. I am only quoting what a correspondent from British Columbia wrote recently to the *Christian Science Monitor,* as follows:

> While the smaller salmon pack was not a matter of serious concern to packers who were faced with a carry-over of 700,000 unsold cases from 1951, fishermen have been hard hit. The market for

canned salmon has been restricted because of Britain's continued dollar shortage: Britain and the commonwealth countries having long been Canada's best customers for these exports.

The most recent figures indicate a present surplus stock of no less than 350,000 cases.

That seems to indicate a serious situation with respect to our ability to dispose of the salmon that we can gather in and put into cans. It just proves the seriousness of what I have mentioned. We must find means of distributing these surpluses to the countries that need them. It seems to me that that is the only guarantee for anything like a hope for world peace.

I should like to take a minute or two to make an appeal to the Minister of Trade and Commerce in connection with a situation in my own constituency. The Peace river country is a fast-growing empire, as I think the minister knows. Its population is expanding rapidly and today there are something like 65,000 people in the area. New communities are springing up fast and older ones are growing and expanding. The production of all the things that these people can produce is increasing.

I should like at this moment to remind the Minister of Trade and Commerce of the productive capacity of that country as shown by figures representing the 1951 and 1952 production for crop districts 15 and 16 which are included in the Peace river. These are as follows:

	1951 bushels	1952 bushels
Wheat	9,552,000	7,586,000
Oats	19,076,000	17,079,000
Barley	5,004,000	7,306,000

The marketing figures are even more significant. The figures for the crop year 1951-52, the last year for which figures are available, for crop districts 15 and 16 in the Peace river district show the following marketings:

	bushels	Cars of 2,000 bushels
Wheat	8,989,000	4,495
Oats	9,714,000	4,857
Barley	2,838,000	1,415
Rye	439,000	219
Flax	188,000	94
	22,160,000	11,080

I am taking the railway cars as averaging 2,000 bushels apiece which I think is fairly accurate. I should like to point out at this time that we in the Peace river country have been suffering under a number of disabilities. The first is that we are isolated because of the failure on the part of those who could have done the job in the past to extend the Northern Alberta Railways to the Pacific coast in order to provide a western outlet. At present there is a backhaul of up to 425 miles just to get into Edmonton. It might be interesting to note the distances of some of these communities from Edmonton, and I give a few examples as follows:

	miles
McLennan	267
Spirit River	326
Grande Prairie	407
Beaverlodge	435
Dawson Creek	495

Those are on the south side of the river. Then on the north side we have:

	miles
Peace River	317
Fairview	365
Hines Creek	382

The latter point is at the end of the line on the north side of the river. The nearest inland storage elevator at present is situated in Edmonton and I understand that this has a capacity of somewhere around 2,350,000 bushels.

In addition to that isolation, we suffer the added disability of transportation isolation. We are often left until the very last of the crop year before millable or marketable grain is moved from the area. If there happens to be a car shortage, as there has been over the years, the people in the Peace river country are just about the last to receive service. The areas nearer to the market are the ones which seem to be given the first service, and I can understand that that is necessary under the circumstances when we have to fill foreign commitments.

In 1951-52, which was the last year in which we had a car shortage, as late as March, 1952, there were ten million bushels of the crop still left on the farms. As a consequence farmers were penalized although their grain was of millable quality and greatly in demand to fill Canada's commitments abroad.

One solution to this whole problem would be the building of a railroad outlet to the west coast. I appreciate the problems involved at the present time but that will have to be done if this country is to realize its full potential in contributing to Canada's strength and security. Certainly the building of this railroad is long overdue. I shall not labour the point now because this is not a matter for the Minister of Trade and Commerce.

However, I would like to point out another alternative, the building of an inland storage elevator of perhaps two million bushels capacity to be located at some point in the Peace river district where the necessity for a back haul would be kept at a minimum. There are two or three places where this

could be located to advantage, such as at McLennan and High Prairie where the facilities are available for putting up such an elevator.

I understand from the minister's own lips that it would cost in the neighbourhood of $5 million, but I think even that large cost could be justified particularly when one realizes that this country just cannot go ahead until the transportation and storage situations are corrected. There are a number of tremendous advantages that would accrue both to the Peace river area and to Canada as a whole, and I shall mention them only briefly. The first would be that by establishing a two million bushel storage elevator in the Peace river district it would increase storage space available by 20 to 25 per cent. I am told by authorities that today there is only something in the neighbourhood of nine million bushels storage capacity, at elevators and annexes, in the whole area. That is too small a storage space to take care of the needs of the area and its productive capacity. The second advantage would be that a smaller number of box cars could handle the crop in any year on a shuttle service basis in just a few hours because it would only take a matter of six or seven hours to get to the terminal from any part of the huge area. That would be particularly advantageous during a period of shortage of box cars.

Another advantage would be that it would supply cleaning facilities in the area making it possible to take out dockage which I think runs normally around 3 per cent or a little better in the Peace river country. The screenings from the processing could be left in the area to stimulate a livestock feeding industry which, by the way, is greatly needed in that country to help to balance their agriculture. Another advantage of a storage elevator of that kind would be that it would provide drying and conditioning facilities which are badly needed. Often in that country we find ourselves with much tough and damp grain that should be dried and processed quickly in order to save it. I am satisfied that over a period of years an investment of even $5 million in an elevator there would pay in added production and the saving of production that would normally spoil if it were not processed quickly.

Therefore I appeal to the minister again to give this matter his earnest and sympathetic consideration. I have spoken to him about it before. I know he said at the time that was not the solution to our problem but he did not give me reasons. If it is impossible to grant this request, I hope that he will at least be able to give us reasons why it would not be a solution or a partial solution to our problem at any rate. We think that the struggling people of the Peace river are certainly entitled to that much consideration. When one remembers the efforts which they have made in the past to add to Canada's prosperity, and particularly during the war when they went all-out in their productive efforts and did what I think was a magnificent job, it seems to me it is only right that we should now provide them with a railway outlet to the west coast or in the alternative with an inland storage elevator of the type which I have suggested. I know I have exceeded my time and I appreciate your indulgence, Mr. Chairman. I do ask the minister to give this proposition his most earnest and thorough consideration.

Mr. Hetland: I should like to ask the hon. member a question. In trading with England is price not a big factor, and would the hon. member suggest that England should pay for meat and such products as little as she pays other countries such as Australia and New Zealand?

Mr. Low: Yes, of course, Mr. Chairman, price is a big factor. There is no question about that.

Mr. Hetland: How would you overcome it?

Mr. Low: I feel perfectly satisfied that any disability of price could be overcome if we worked on a two-price system such as my colleague, the hon. member for Acadia, suggested in the house not very long ago when he was dealing with a similar subject.

Mr. McIvor: Mr. Chairman, I rise to say a brief word because we at the lakehead are interested in trade but are even more interested in the Minister of Trade and Commerce. He is the one who to a great extent has to deliver the goods and I am convinced that he has been delivering the goods because there is very little in Canada today that is not being delivered. Wheat, for example, is being sold as fast as it can be carried. We have some salmon in British Columbia but I understand that the Minister of Fisheries is taking care of that. I am almost a free trader. I believe in trading with the empire, and having been born in the old country I have a soft spot in my heart for trade with that country.

As a matter of fact I am using a car that was made in England. The reason I like that car is because it has no American frills on it, and I can skid a corner with it as fast as anybody in the house. Listening to some hon. members, one would feel that the country was going to the bow-wows and that the Minister of Trade and Commerce had not

been doing a good job. They may have convinced somebody else of that fact but to me it is not a true fact. They cannot convince me because my correspondence tells me that today Canada is on the top. My correspondence tells me, and I see it in certain publications, that more people want to come to Canada than want to go to any other country in the world. Why? Because they know they can earn their bread and butter freely and be protected thereby.

I know that not all people come from the British empire. When the embargo on cattle was lifted, the farmers in the west were willing to sell their cattle to United States buyers if they would pay a little more than anybody else because they had found that the United States dollar would buy just as much as a dollar from any other country. The reason why I got up to speak is that I want to state that since I have been in the house I have never heard a finer tribute paid to anybody than that paid to the Minister of Trade and Commerce by an opposition member. I think it was the bright young member for Kamloops who did so on the occasion when he was discussing the wheat agreement that had been formulated by forty-six nations. He rose and spoke to the Minister of Trade and Commerce and said, "You go to England." Just think of that tribute. It beats an LL.D., a D.D. or any other kind of degree because it is telling the Minister of Trade and Commerce to go and do what forty-five other nations could not do. To me that is one of the finest tributes I have ever heard paid to anybody in the house. I say to the opposition: Just keep on, because it will not make a bit difference to the Minister of Trade and Commerce, and when he puts on his new hat on the Sabbath day it will not be a bit tighter.

Mr. Hees: Mr. Chairman—

Mr. Sinnott: Now we are really going to get it.

Mr. Hees: I hope the hon. member will understand it.

Mr. Sinnott: I am trying very hard.

Mr. Hees: On Friday last we heard a very glowing account of Canada's trade position and of our prospects for the future given to us by the Minister of Trade and Commerce. One thing for which we cannot criticize the minister is his optimism, but I think we owe it to ourselves to examine the foundation of that optimism to find out if it is sound.

If we look at a government publication entitled "Trade of Canada, Exports", we see that our exports of all products to all countries in January, 1953, were 2 per cent less than our similar exports during the same month of last year. In February, however, this falling off had mounted to 11 per cent below our exports of similar products during the same month of last year. If we leave out exports of non-ferrous metals and their products, a great part of which are made up by shipments of strategic war materials to our NATO allies, and which may be very greatly affected by the present Russian peace offensive, we find that during January our exports of all other products were 13 per cent lower than our exports of the same products during January, 1952. Our exports of those same products during February of this year were 15 per cent below what they were during February of 1952. I believe, Mr. Chairman, that shows us what is happening to our normal export trade, upon which we rely for our prosperity year in and year out—whether the cold war blows hot or cold.

One of our chief exports has always been the wheat which we have shipped to Great Britain. Very recently that country signified its intention to stay outside of the international wheat agreement. If Britain follows the same course of action which she followed in regard to oats and barley, and switches all or a large part of her buying of wheat from Canada to Russia, then our export trade is going to suffer a very severe blow.

I think we all realize that our prosperity depends to a very large extent on our export trade. Anyone who has studied the figures from year to year will have noted that a variation up or down in our export trade in any one year has always been followed by an almost identical variation in our national income in the following year. For that reason I think it is obvious that we must maintain a high volume of export trade.

I believe one important step that we should take to achieve this end is to suggest to our fellow members of the North Atlantic Treaty Organization that they set up a special subcommittee to study the possibilities of unclogging channels of normal trade between NATO countries. That could be done under article 2 of the charter, and I think that it is altogether fitting that it should be done.

None of the members of the North Atlantic Treaty Organization—and especially Canada—can continue to finance the high expenditures on defence which they are at present putting forward unless they maintain a high volume of trade. I believe that the greatest possibilities for maintaining a high volume of trade and increasing that volume of trade lie in increasing the trade between the nations that have proved that they can

co-operate so effectively in matters of defence —and have done so during the past two years.

Today, three senior members of this government are arriving in Paris to take part, with other members of the North Atlantic council, in very important deliberations. I earnestly urge the Prime Minister that he dispatch a cable to them right away suggesting that they put this suggestion forward to the other members of the North Atlantic Treaty Organization, and see what they can do to persuade those members to set up such a committee as I have described, designed to do everything possible to increase trade between the NATO nations—and to have that committee set up just as soon as possible.

Mr. Sinnott: Are you going to pay for the cable?

Mr. Hees: Now, I would like very briefly to deal with what I believe we can do in this country to make it easier for other people to buy our products. Two of the important factors in any cost of production are taxes and freight rates, over which this government has a very great influence and control. I believe that if this government could follow the suggestions of the opposition, namely to eliminate waste and extravagance and thereby reduce taxation, that would go a long way towards helping exporters reduce their prices. Also, if we could keep freight rates down, that would help materially in this regard.

A little earlier today the member for Moose Jaw brought up the question of our trade with Great Britain, and I would like to speak very briefly about that matter. The firm with which I am associated deals in textiles, and for the past thirty-five years, we have maintained a buying office in Manchester for the sole purpose of buying British textiles.

Since the war, we have not been able to buy a dollar's worth of textiles in the United Kingdom, and that has been due to three things. First of all, their patterns, which before the war were always attractive and very comparable with American and Canadian patterns, are now of an inferior nature, and, I am afraid, cannot compare with the textile patterns produced in this country and in the United States. Secondly, their prices are higher than the prices on this side of the water. Thirdly, it is very difficult, if not impossible, to get British manufacturers of textiles to promise or keep a delivery date. As anybody in business knows, it is vitally important to know when your goods are going to be shipped, and equally important to have them shipped at that time so that they may arrive in the country where they are required for sale in time to be sampled for the trade before the selling season starts. If the goods do not arrive in time, they miss that year's market, and they are virtually worthless.

Our buyers have several times gone to Britain to try to revive the trade we did with Britain in those materials, but they have found the British very lackadaisical and in no way anxious to make promises of delivery; and we have found that a very discouraging factor when trying to do business with them.

I believe that every Canadian realizes the importance of buying all the goods we can possibly buy from Great Britain. I think, however, that the British people could do a great deal to help Canadians "buy British", and they could do it by bringing their designs to a level comparable with those available in the United States and Canada; by bringing their prices to a comparable level; and by realizing that it is vitally important, to those who sell their goods for them on this side of the water, to know when the goods will be shipped—and to have those shipment promises kept.

I think the British manufacturers could also do a great deal by improving their packaging methods, which I think are out of date as compared to those of Canada and the United States. I think they could also sell a great many more capital goods in this country by ensuring that those capital goods would be serviced once they were in use on this side of the water.

I know that for a few years after the war, British businessmen were hindered by a great many government restrictions, but to a large extent those restrictions have been removed in the last year or so, and I believe they can find no excuse on that score at the present time.

I believe that they should send out, as the member for Moose Jaw suggested, a great many more salesmen and representatives to sell their goods—and I mean really sell them in Canada—and also to find out from Canadian buyers what it is that they want so that those wants can be catered to in Britain in the production of goods for sale over here. I think also that they must realize that the United States merchandisers are very aggressive indeed. If British manufacturers are going to successfully compete against the goods we are buying from the United States at the present time, they must sell far more aggressively than they have done in the past. In short, and in conclusion, I would simply say to our friends in Great Britain that we in this country desperately want to buy far

more British goods than we buy at the present time, and I earnestly urge them to do a great deal more than they are doing now to help Canadians buy British.

Mr. Herridge: The trade policy of this group, Mr. Chairman, was ably presented to the house by the hon. member for Rosetown-Biggar. I am not going to take the time of the house to deal further with it. I do want to bring a certain matter to the attention of the Minister of Trade and Commerce at the request of the fruit growers in my constituency, as well as others who are interested in this question.

Last year the soft-fruit growers in the interior of British Columbia were very hard hit by a number of circumstances: the particularly large crop in the United States, the heavy crop in Canada, and then the change in the existing value of the dollar. They were able to sell only a percentage of their pack to the canners because the canners were well stocked and the demand for these products had lessened. I am speaking of canned peaches, canned apricots and soft fruits of that sort. The domestic market had already been considerably flooded by fresh soft fruit from the United States which matures somewhat earlier than ours.

This matter is one of increasing concern to the soft-fruit growers in the interior of British Columbia, to such an extent that it was the basis of a lengthy discussion at the annual convention of the British Columbia Fruit Growers Association held in January this year. I am going to read briefly two resolutions adopted by the convention and then bring this situation directly to the attention of the minister. In dealing with this question, the convention passed the following resolution:

Canned Fruit Import Controls

Whereas the orderly marketing of soft fruits is much dependent on cannery sales, and

Whereas the volume of imported canned peaches, pears and apricots in 1951 has reached four times the level of imports of these commodities for 1948, and

Whereas the volume of mixed fruit in can in 1951 has increased to 12 times the volume of 1948, and

Whereas there is no control of imports to Canada on these commodities;

Resolved that the council impress upon the proper government officials the seriousness of the tariff reductions accorded canned and processed imports in the current trade agreements, and press for every possible protection to the Canadian producer.

In addition I have received correspondence from various people. I will read briefly from one letter. I have in my hand a can of Australian peaches which are a sample of the peaches that are being sold in communities in my constituency, where the peach growers had to dump peaches last year, and where the peach growers did not receive a sufficient return on their fruit to get back the cost of production. This is what my correspondent has to say:

These peaches are processed and exported by the Shepparton Fruit Preserving Company Limited of Shepparton, Victoria, Australia. They are imported by O. B. & Company of Vancouver, B.C. They come in heavy wooden cases. A case of 24 wholesale here at $9 and retail at 45 cents per tin. They do not compare in quality with our Okanagan peaches, being small and hard.

At Christmas time Australian Christmas cakes were also being sold throughout British Columbia that could just as well have been baked here.

If it were canned orange juice, oranges, or any of the many things that Australia produces that we do not, things that we need and can use and not interfere with our own home production, I think it would be a good move. But canned peaches and fruit cakes and such do not fall in this category.

Trusting you will bring this matter before the house and to the attention of the Minister of Trade and Commerce.

I do not know what the department can do in this connection. I am sure there are many products that we could import from Australia that do not compete with production in the district where the peaches are grown.

There is another aspect of this question, and that is that we are distinctly under the impression that these peaches are not nearly as high in quality as the peaches canned in British Columbia. They are canned under lower standards than ours and when I am finished speaking I shall send this tin over to the minister so that his officials can open it and compare the quality of the contents with the British Columbia canned fruit. The question of quality has also been given consideration by the British Columbia Fruit Growers Association. The convention passed another resolution which reads as follows:

Peaches—Minimum Size

Resolved that this council recommend that the minimum size which peaches may be packed in Canada shall be two inches.

Marketing Survey

Whereas the distribution of fruits and vegetables is anything but satisfactory;

Resolved that this council request the division of economics, dominion Department of Agriculture, to make a survey of the entire marketing situation covering fruits and vegetables.

I bring this matter to the attention of the minister, because I am quite sure his officials are interested in the growers problems. I should like them to consider the survey by the economics division of the Department of Agriculture, which has been suggested by the British Columbia Fruit Growers Association, and do all they can to see that we only get the things from Australia which we require and do not produce. It seems an absurdity—there are many absurdities under capitalism

—for peaches to come all the way from Australia and be sold in communities where the growers of peaches did not receive the cost of production last year. With those few words, I send the tin to the minister, for his inspection.

Mr. Macdonnell (Greenwood): I rise primarily for the purpose of bringing to the attention of the members of the committee some words I wish to quote from the last issue of the London *Economist* commenting on Mr. Butler's budget of last week. The words I think are interesting, and if the minister has not seen them I think he will be interested in them.

Sometimes the minister worries us a little by seeming almost too happy with the situation as it stands. Of course, after the moving tribute we have just heard from the member for Fort William, it is not perhaps surprising, but the rest of us will perhaps have to try and look at things in a somewhat more realistic fashion. We sometimes get worried because the minister so often is content, as he said the other day, to describe the present economic situation in Canada by saying that at no time in the past have Canadians been more prosperous. I am not going to dwell on that except to reiterate what the member for Eglinton said, that if you tell that to the farmers who have lost their traditional markets in Britain for many of their products, they will not be very happy about it.

It is for that reason I want to say a word about the British market. I was troubled by what my colleague the member for Broadview said this afternoon, although I do realize that those difficulties exist and that the British, perhaps in times past, have been wanting in progressiveness. I am hoping, partly because of what I find in these pages of the *Economist,* that they may be pulling up their socks in that as in other ways. This year, of course, so far as trade is concerned, is a crucial year because of the fact that GATT is to be renewed—at least, we hope it is to be renewed, and the importance of our trade with Britain is of course accentuated greatly. The people in British Columbia can tell us a great deal about that.

That leads me to the point I wish to make. There has been a disposition over the decades, I suppose you might say over the generations, to write the old country off. I remember in the early years of this century we were told that she was decadent economically, and the Germans were going to sweep everything before them; she really was a washout. Then, of course, we came to the first war when many people were ready to write her off. The same thing occurred in the second war, and perhaps most of all in the years since this last war, when we have been greatly troubled by the situation. It seemed perhaps that the traditional virtues of energy and initiative were being swallowed up or perhaps I should say tied down by the mass of red tape and restrictions of all kinds. It is heartening to find that, as judged by the latest budget, they are emerging from that situation and that they are stepping out and are ready to take chances in the hope of returning to a world in which there will be freer and more profitable trade. With that comment, I wish to read a couple of extracts from the *Economist* of April 18, 1953—the one of a week ago—as follows, and I may say that this is to be found at page 130. Speaking of the budget it says—and these are Mr. Butler's words:

—"the reliefs which I shall propose are designed to improve our competitive efficiency, to provide incentives for greater effort, and to encourage private saving" or again "all reliefs are carefully designed for the prime purpose of giving the incentive for greater production."

Commenting on that the *Economist* says:

For the budget's greatest merit is one that cannot be put into figures. It marks a change of direction, a turning of the fiscal tide.

And again it says:

Whatever criticisms may be made of their details, they have the great recommendation that they mark a determination to "step out from the confines of restriction to the almost forgotten but beckoning prospects of freer endeavour and greater reward for effort."

I think that will warm the hearts of many of us and that we will wish them well in their effort which means so much to us as well as to them. I hope it will also stimulate us to make sure that we on this side of the water are doing every mortal thing we can. That leads me to mention one thing that has been mentioned before by others—and only yesterday by the hon. member for Eglinton—and that is whether in fact we are trying in every possible way to make as many of our defence expenditures as possible across the water. The difficulties are great and the minister will no doubt do justice to that aspect of the matter. But on the other hand, as the old music hall catch said—and I have quoted it perhaps too often in this chamber before—where there is a will, there are three ways. I hope that much more can be done than has been done up to the present.

Mr. Argue: Mr. Chairman, as others have emphasized in this debate, I too want to say that the direction of our trade policies at the present time is such as to provide a real danger, particularly to the agricultural industry of this country. I believe that the United States market for agricultural products is in the main not a complementary one but a competitive one. The United States market is no

doubt the best market for Canadian pulp and minerals, but I believe that the loss we have sustained in the British market for many farm products has dealt and is dealing agriculture a serious blow. Unless steps are taken to recover the British market for many of these products, our agricultural industry is going to suffer. I say the United States market is not a reliable one for farm products. I think the Americans themselves have demonstrated that fact to us clearly in the restrictions they have placed on the importation of Canadian cheese, on Canadian dairy products and the suggested ban that might be placed on the importation of Canadian oats and feeds. Even as a market for Canadian cattle—and I see no alternative to that market—we can see the effects of competition from United States-produced cattle on the price of cattle in our own country.

Farmers were told last year by the Minister of Agriculture: "Keep your cattle home on the farm; you have nothing to worry about. Add another 300 or 400 pounds of weight to each head you have, and as soon as the United States embargo comes off you can ship your cattle into the United States and take advantage of the higher price." The minister had a floor price on cattle of $25 a hundredweight last year, and some of us thought that price was scarcely adequate. But when the floor went off and we were to get back into the United States market at the higher price, as the Minister of Agriculture had said, we find instead that cattle are selling much below the floor price that prevailed last fall. The United States cattle population is high and the Canadian cattle population is high. Economists tell us that for the next three or four years cattle producers can expect a further drop in the prices of cattle.

I think the British market is the only market in the world that can provide any hope for agricultural producers. Ever since I became a member of this house I have pointed out to the government the danger of losing the British market for Canadian products. Time and time again we in the C.C.F. have made the statement that we were losing the British market; and every time we said that, the government pooh-poohed the statement and said there was no foundation for it.

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

Mr. Argue: Certainly.

Mr. Howe: Is he aware of the fact that last year we shipped more food products, both in volume and in value, than ever before in the peacetime history of this country?

Mr. Argue: As far as value goes, yes; but as far as volume goes, no. If I understand the way you arrive at your volume, you add it all up in pounds, in hundredweight; and of course the quantity of wheat adds up to a tremendous volume. But when compared to such products as cheese and bacon, the figure is of course not comparable at all.

Mr. Howe: Does the dollar value not matter?

Mr. Argue: I said as to dollars, yes, but as to volume, no; because I do not think you can compare 1,000 pounds of wheat to 1,000 pounds of cheese when you are adding up the quantities that we have shipped.

Mr. Howe: Why ship so much?

Mr. Charlton: Why not let the hon. member make his speech?

Mr. Argue: The minister can make that point, but I say that the British balance of payments with Canada now is bad and the British are not likely to continue to buy that same high value of Canadian products.

Mr. Howe: Oh, well—

Mr. Argue: I think that is the very reason Britain has not entered the international wheat agreement. I do not think it is a matter of another five cents a bushel one way or the other. Britain knows that her balance of payments position with Canada and with the United States is extremely adverse. I think that Britain is preparing to take drastic measures and that she has in mind a great deal more than just a nickel on a bushel of wheat. Let me tell the Minister of Trade and Commerce what his colleague the Minister of Agriculture has said in the past about Canada's trade position and the British market for agricultural products. The Minister of Agriculture is reported in the Regina *Leader-Post* to have said this at Qu'Appelle during the last general election. I quote from that article:

> There is no evidence to support the contention of M. J. Coldwell, C.C.F. leader, that Canada is losing the British market for food—

Mr. Howe: Hear, hear.

Mr. Argue: It is true that the C.C.F. contended that Canada was losing the British market for food. I repeat that statement and I shall be able to prove it. Let us look at Canada's bacon shipments to Great Britain in 1946, after the war. They were 272·9 million pounds, valued at $61,400,000. Last year, shipments of Canadian bacon to Britain were zero. So there is no argument about

whether the British market for Canadian bacon is going down or whether we are losing it. We have lost it; it is gone. Farmers of Canada believe that the British market for bacon we have had in the past was an important market.

Mr. Howe: Why do they not sell it at the British price, then?

Mr. Argue: And the government should take every possible step to see that that British market is opened.

Mr. Howe: It is wide open in price.

Mr. Argue: The Minister of Trade and Commerce interrupts by asking what about price. Of course all that a government of the political complexion of the government in which the minister serves can think about is the matter of price. We in this group believe that if Canada can produce, and if our farmers do produce bacon that the people in Great Britain need, those people should have that bacon, and we should adopt whatever financial and trade measures are necessary to see that that bacon is moved to Great Britain, and to other European countries.

That is the trouble with the trade policy of this government: it is all price. And so by sending into the United States market our pulp and mineral products, Canada is prosperous. But when the government is going to supply any agricultural products to Great Britain it raises the old bogey of price.

Great Britain is short of Canadian dollars. We have lost the British market for farm products and agriculture does not face a recession—agriculture is in a recession right now, in commodities other than grain.

We have not done so well in the British market with our cheese. In 1946—and the figure I shall give is much less than the amount we shipped during the war—Canada shipped to Great Britain 92 million pounds of cheese valued at $18,420,000. Last year we shipped just 150,000 pounds of cheese valued at not eighteen and a half millions of dollars, not even one million dollars, but of a value of only $47,641. No wonder the cheese producers are not happy when their British market for cheese has now disappeared.

In 1946 we shipped 68 million dozen eggs to Great Britain valued at $25,500,000. Last year we shipped 2,374 pounds of dried eggs. Were they valued at $25,500,000?—not quite. Were they valued at $1 million?—not quite. They were valued at $2,700. And so, the British market for eggs is not being lost; it has disappeared.

We in the C.C.F. contend that unless Canada, in co-operation with other nations of the world, can reorganize international trade, in order to maintain and to increase our markets in Great Britain for agricultural products, then the agricultural producers in this country face dire days ahead. This government has no vision when it comes to new and daring international trade policies. A few years ago the food and agriculture organization made great plans for an international commodity clearing house, a method by which countries producing exportable surpluses might get those surpluses to the nations in need of them. Under the plan the wealthier nations of the world would make financial arrangements to supply necessary currency to the commodity clearing house, and the countries that were to import agricultural products would obtain the currency from that organization in order to buy agricultural products throughout the world.

Well, our Minister of Agriculture went to that conference. He was against it. He was against the international commodity clearing house.

Mr. Gardiner: I never was against it.

Mr. Argue: Oh, yes, you were. The minister said, "We do not see any surplus of food in Canada. Even if there was, we feel we can deal with this through national policy." Well, we have had the minister and his national policy for some years, and we have seen the prices of agricultural commodities, one after another, go down, down, down.

Mr. Gardiner: Get my speech and read it.

Mr. Argue: The people of Great Britain, the people of Europe, the people of Asia—all those people need our food; and we have so much food in Canada that prices to agricultural producers are falling.

Mr. Gardiner: What I said in Rome was exactly the opposite of what you are saying.

Mr. Argue: Probably it is exactly the opposite, but—

Mr. Gardiner: Better read it.

Mr. Argue: —the Minister of Agriculture has always got an answer. And he always has an answer because every speech he makes is different from every other speech he has made; and he makes sure that he makes speeches on both sides of the question. Then if you try to nail him down he will say, "Look at the speech I made the month before"—or the month later, as the case may be.

Well, just a few days before the election in 1949 he said, "This C.C.F. contention that we are losing the British market for Canadian food is all wrong." I ask him today—

Mr. Gardiner: I did not say that, either.

Mr. Argue: —where is the British market for bacon? Where is the British market

for cheese? Where is the British market for eggs?

Well, the Minister of Agriculture and the Minister of Trade and Commerce have a right to their own opinions. If they do not think that market is important, all right. But the agricultural producers and those who represent the people engaged in agriculture know that the British market is important to the welfare of the Canadian economy and of Canadian agriculture.

The government says: "Well, it is a matter of price." Oh, certainly, it is always a matter of price—always a matter of dollars, with this government. The Minister of Agriculture, as I said, makes speeches of all kinds; and there was a famous quotation in a speech he made in the house not many weeks ago, when he was telling us about the big barns in Alberta.

Mr. Gardiner: I will make another next week.

Mr. Argue: Very likely, and you had better change that one, too. He told us about the big barns in Alberta and the big houses the farmers had out there. He said he talked to farmers who had told him that they had built those barns and houses on 5-cent pork. Well, there is about as much sense in that statement as in many other statements the Minister of Agriculture has made.

Mr. Gardiner: Ask your friends in the front seats about what they built those barns on.

Mr. Argue: Well, they did not build them on 5-cent pork.

Mr. Gardiner: They built them on less than that.

Mr. Argue: No; they were probably attempting to pay off the mortgage with 5-cent pork, and never managed to do it. But they certainly never built barns on 5-cent pork.

The British balance of payments position with Canada, in my opinion, is cause for concern. I do not say that Canada alone can deal with this problem; it is one that has to be dealt with by both Canada and Great Britain, and is something that requires a good deal of thought by international organizations such as the food and agriculture organization.

The government says it is a matter of price in everything—a matter of price in everything but defence; and then it is a matter of what the government says Canada needs. In connection with our desire for markets for agricultural products, I say the thinking of the government should be based upon our needs and world needs and not on price alone. And if the government brought that kind of thinking to bear on this problem we, as a nation, would be spending more than one dollar on economic and technical assistance for every hundred dollars we now spend on armaments. I can think of nothing that would help Canada more or help the world more than for us to spend $200 or $300 million to help move our surplus of food to those people in the world who need it. If we did that, I think we would get a greater return for the money we spend by way of obtaining peace, than we shall get for the $2 billion we are now spending on national defence.

In 1950 Great Britain purchased from Canada $68 million more than we purchased from her; in 1951 Great Britain purchased $214 million more from us than we purchased from her; in 1952 Great Britain purchased from Canada $386 million more than we purchased from her. I think it is that $386 million adverse position in Britain's balance of payments with Canada that is now determining British policy toward buying our wheat.

Some steps have to be taken by Canada and some steps have to be taken by Great Britain to see that this large gap is narrowed. I hope that we will not leave it only to Great Britain, because if we do she will cut her purchases of wheat. She will do so until her payments position is balanced. I am fearful that she will be able to do so only by a further curtailment of purchases of Canadian commodities, particularly agricultural products, including wheat.

I have advocated the commodity clearing house which was proposed by the food and agriculture organization. I have pressed the need of moving our food to those countries of the world where people are hungry. I think the measures I have suggested and those suggested by the hon. member for Rosetown-Biggar (Mr. Coldwell) are sound, and that the government should follow our suggestions. In the meantime we are losing the British market. Instead of running the risk of further restrictions in British purchases of agricultural commodities and a further loss of that market, this government should adopt the policies I have suggested in order to regain the essential British market.

Mr. Stuart (Charlotte): Mr. Chairman, I shall take but little time to say the few things I want to say in connection with the discussion that has gone on today and previously. I have listened to members of the opposition since last November complaining of the fact that we are doing such an enormous business with the United States of America. Why any sane-thinking person would criticize this government for seeking

all the markets that are possible in the United States I fail to understand.

An hon. Member: Whoever did that?

Mr. Stuart (Charlotte): Some hon. member says, "Whoever did that?" I have heard this remark made around this house one hundred times in this year: You should not put all your eggs in one basket.

Mr. Hees: Indicate the "some hon. member" who said that.

Mr. Stuart (Charlotte): It was only five minutes ago that the hon. member sat down. He was suggesting more trade within NATO countries. Would he suggest free trade within NATO nations?

Mr. Hees: I am suggesting that we increase our trade with NATO nations.

Mr. Stuart (Charlotte): Answer my question. If the hon. member is going to make a speech, let him sit down. I asked a question.

Mr. Hees: You asked me a question. I said we should increase our trade with all NATO nations.

Mr. Stuart (Charlotte): The hon. member has not answered my question and I will ask him again: Do you support free trade within NATO nations?

Mr. Hees: I did not say that I supported free trade; I support increased trade.

Mr. Stuart (Charlotte): The last time I spoke on this subject I suggested that there should be free trade within the NATO nations. If hon. members are honest and sincere in their desire to help the NATO nations they would be willing to adopt my suggestion and do away with tariff walls. I have never heard anyone in this group to my left suggest free trade among NATO nations.

Mr. Graydon: Have you heard the cabinet suggest it?

Mr. Stuart (Charlotte): I certainly have. If you will follow the procedure adopted by the Minister of Trade and Commerce during the four years since the last election you will find that he has used every method to try to bring about more liberal, and freer, trade with all countries.

Mr. Hees: Is this government a free trade government?

Mr. Stuart (Charlotte): Absolutely.

Some hon. Members: Oh, oh.

Mr. Hees: Is it? Is it?

Mr. Stuart (Charlotte): I tell you what I base that on.

[Mr. Stuart (Charlotte).]

Mr. Hees: Let us hear the Minister of Trade and Commerce say that.

Some hon. Members: Sit down.

Mr. Stuart (Charlotte): I would like to ask the hon. member if he is prepared to go half-way in meeting any country. You cannot give it all away. I have just listened to the hon. member for Assiniboia talking about the markets that we have lost in Great Britain for Canadian products. Would the hon. member be willing to accept the prices that are being offered today by the British for the very things he mentioned? Is he prepared to accept those prices?

Mr. Argue: No.

Mr. Stuart (Charlotte): That brings us back to the same old story. Only a month ago they were saying that taxation in this country was too high, that it was unbearable, but yet they are prepared to subsidize the producers of this country so that they may sell something that others do not want to buy. If that makes sense, I must be going the other way.

Mr. Hees: I think you are.

Mr. Stuart (Charlotte): At least the hon. member knows where I stand; when I get up and speak on trade I mean what I say. Some of those I have listened to, I am sure in my opinion, do not mean just exactly what they say. I believe that everything we can sell in the United States today should be sold there.

Mr. Fleming: On a point of order, no hon. member of the house should be allowed to say that another member did not mean what he said.

Mr. Stuart (Charlotte): I said that that was my opinion.

Mr. Hees: You cannot express your opinion that way.

The Chairman: The hon. member for Charlotte did not identify any hon. member. He said that he did not think some hon. members meant exactly what they said. I do not think he meant the hon. member for Eglinton.

Mr. Fleming: On a point of order, I am sure that he did not mean me, because I have not been participating in this debate. The statement was directed at hon. members of this house and it was not a proper statement, being in breach of the rules of the house.

The Chairman: If the hon. member will look at citation 299 of Beauchesne's second edition he will see that it is not in order for

an hon. member to say of another that he does not say what he means or does not mean what he says, but if the hon. member says that he does not think some hon. members say what they mean or mean what they say, that is a general statement without reference to anyone in particular.

I would like to remind hon. members, who perhaps on this occasion are particularly ticklish about expressions used by the hon. member for Charlotte, that I have heard expressions used which were much more offensive than this one and no one stood up and said that they should be withdrawn. I think the hon. member should be given some latitude and it should not be insisted that certain words be withdrawn on one occasion when on another occasion words which were perhaps much more offensive were not asked to be withdrawn. I do not think it is imperative that I ask the hon. member to withdraw the expression he has used as it was not made in reference to any hon. member in particular. At page 99 of Beauchesne's second edition we find this, for instance:

That a member has taken a course unworthy of a minister.

And other expressions like that. I have heard such expressions in this house, and not very long ago either. Yesterday it was said that hon. members were taking directions from the minister the minute he stood up as to how they were to vote. Perhaps that was in contradiction of the ruling that was given not long ago having to do with accusing hon. members of not being independent. I think we ought to be reasonable about these expressions. The hon. member will remember that one time an hon. member asked that the word "irresponsible" be withdrawn. The hon. member himself claimed that the Speaker should not go that far, that after all some of these expressions had to be used sometimes. Let us not exaggerate.

Mr. Graydon: I guess you had better be careful.

Mr. Stuart (Charlotte): I will be careful. As I have said, there has been a great deal said here about our trading eggs, as you might call them, being all in one basket. There is another thing that makes me wonder in connection with that statement and that is whether it is better to sell to that market for cash or to give our commodities to somebody else. We all know that the British are keen traders. I admire them for that, but I believe that the prices they are quoting today would not be of a great deal of interest to the farmers of Canada. Surely it would not be right and proper to subsidize food and sell it in Britain when it can be sold for cash at a better price somewhere else. I do not believe that the people of Canada can be convinced that that is the right procedure to follow.

My friends to the left who seem to be disturbed can all remember that a few years ago the leader of their party was going to blast his way into the markets of the world. I watched that situation pretty carefully because at that time I found it pretty difficult to make a living myself. Many who sit here today may have found conditions during that particular period such that they could make a living without too much effort, but I worked longer hours than I ever worked before, harder than I ever worked before and made less than I have ever made in my lifetime.

An hon. Member: See what a man it made of you, though.

Mr. Hees: So did everybody else.

Mr. Stuart (Charlotte): I could not see that the explosives that had been suggested to get into these markets had been very helpful.

Mr. Hees: Everybody else in the world was doing the same thing.

Mr. Stuart (Charlotte): No, they were not.

Mr. Hees: Sure they were.

Mr. Stuart (Charlotte): I can tell the hon. member that I have heard members of his group stand up and speak in glowing terms about the great R. B. Bennett regime. They certainly do not remember what I remember.

Mr. Hees: You are talking about the great world-wide depression.

Mr. Stuart (Charlotte): I remember it well. I remember conditions during the particular period when, as I have mentioned, they were going to blast their way into the markets of the world.

Mr. Martin: They blasted themselves out of office.

Mr. Stuart (Charlotte): I heard the hon. member for Queens, Prince Edward Island, say some time afterwards that all the trade that was carried between Prince Edward Island and the mainland at that time could have been carried in a canoe. I agree with him there.

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

Mr. Stuart (Charlotte): Yes.

Mr. Charlton: If the hon. member will refer to page 3566 of *Hansard* of April 7 he will see how much more was shipped to Great Britain from 1930 to 1935 under the Conservative government than was shipped between 1936 and 1939.

Mr. Stuart (Charlotte): I am glad the hon. member has brought up that question because if those goods were shipped over there they must have all come from Ontario. None of them came from the maritimes. I lived down there and there was no great amount of goods going to Britain at that time. Therefore the central provinces must have taken full advantage of that.

Mr. Hees: We are talking about Canada. Get a broad view.

Mr. Stuart (Charlotte): I suggest to the hon. member who interfered a few minutes ago that if he wants to take a broad view then we shall throw this thing wide open.

Mr. Howe: He was talking about shipping percentages.

Mr. Stuart (Charlotte): I will tell you exactly why they are not doing it. There are people here on my left who could never accomplish it themselves, but they expect people from this country to go over to Britain and say: This is it, take it, no questions asked and no contradictions. That is what these people to my left are doing in the house. I do not believe they are sincere, but that is the kind of unreasonable statement they make with respect to trade. I believe the minister who conducts the affairs of this department has done everything that is humanly possible. We all realize the value of the British markets to this country. There is not a member in the house who does not realize that, but if we can sell to a market for cash then I do not want to see our products given away, and I do not believe the people of Canada want us to do that. I do not believe the people of Canada want us to subsidize if we can sell for cash. Am I right? You can go on and on saying that it should be done and that we should be helping these people. There are different plans today under which we are contributing enormous sums of money to countries which are not as well off as we are. There is the Colombo plan and there are other plans under which we are helping these countries. I support them in every way, but there is a limit to how much we can give away. I am one who believes that as long as a cash market can be found we should not give away for nothing what has been produced by the sweat and toil of the people of Canada.

Mr. Hees: Who suggested giving it away?

An hon. Member: The socialists.

Mr. Stuart (Charlotte): The hon. member for Assiniboia who just spoke said that it should be done regardless of price. He said that he knew the Minister of Agriculture would ask whether he wanted to sell at the prices Britain was quoting, and he said that did not make a bit of difference. He said that price was no object, that it was just a matter of getting rid of it.

I believe that the way the trade of this country has been carried on since the war is a credit to the Minister of Trade and Commerce and the officials of his department. I believe they are doing a swell job. I believe they are doing everything that it is humanly possible to do, and I do not believe that they have any right to tell Britain or any other country what it should do. I for one do not want to see that procedure followed. I believe that the British are in a position to run and control their own affairs in the way they want to deal with them.

I remember being over there in 1948 and being disturbed and worried because I found that Russian salmon was coming into Britain. There was not a single pound or dollar involved in the deal. The salmon was being bartered for tinplate. At that particular time we had plenty of salmon on the Pacific coast which could have been bartered for tinplate without any trouble at all, but Britain decided that it would take an inferior grade of salmon from Russia in exchange for tinplate in preference to the salmon in the warehouses in British Columbia. I do not say this in a critical sense, but may I add that during the war I could not buy a pound of salmon in this country. It was all given to Britain. I am not criticizing that because they needed it and I am glad they got it. We gave them all the salmon that we could produce, but when it came to paying for some on the line they bartered tinplate for Russian salmon of an inferior grade. I have one more word to say with respect to the criticism about trade with the United States.

An hon. Member: Tell us about cigarettes.

Mr. Stuart (Charlotte): I can tell you about cigarettes. We have a Minister of Finance who has been responsible this year for a reduction in the price of cigarettes to the extent of about six cents which I think was helpful to those who smoke cigarettes. But there is one thing that means a lot to the maritime provinces so far as the United States market is concerned. I refer to our pulp and paper business. Some people may say that there is nowhere else for them to get what they require, but let me suggest that if the United States market for pulp and paper was taken away from this country there would be a lot of unemployment in our pulp mills, logging camps and woodworking camps.

These markets mean so much to the maritime provinces and to every other province in the country that I cannot understand why anyone would suggest or think that we should

not take advantage of every market that we can get in the United States. It is our natural market.

Mr. Hees: Nobody is suggesting that we do not take advantage of every market in the United States.

Mr. Stuart (Charlotte): If you are not, then a lot of idle talk has taken place here.

Mr. Hees: By whom?

Mr. Stuart (Charlotte): A lot of idle talk has taken place since last November.

Mr. Hees: Quote names.

Mr. Pouliot: Mr. Chairman, I rise on a point of order.

Mr. Stuart (Charlotte): What you are saying now is as idle as anything can be.

Mr. Hees: Mr. Chairman—

Mr. Pouliot: I rise on a point of order. I am addressing the Chair on a point of order. I have been trying to listen to the hon. member for Charlotte and have not had the opportunity to do so because of the heckling coming from the opposition. If the Conservative member for Broadview continues to heckle Liberal members like that he may expect the same thing in return when he speaks. It will be the golden rule. I have never seen anything like that. The hon. member who has the floor has been very patient, and I wonder that no member has risen before to protest against the continuous heckling of the hon. member for Broadview.

Mr. Hees: On a question of privilege, I get heckled just as much as the hon. member for Charlotte.

Mr. Stuart (Charlotte): Did I heckle you?

Mr. Hees: I should like the hon. member to tell me where in my speech I intimated in any way that we should cut down trade with the United States. My remarks were quite to the contrary. I have suggested that we should do everything possible to increase our trade with the United States and all other countries.

Mr. Stuart (Charlotte): I am pleased that I got up to make these few remarks because now there have been so many differences of opinion and contradictions that I will have to read *Hansard* to find out just where the hon. member stands. Before I resume my seat I want to emphasize the fact that I believe every effort has been made to increase trade with all countries. I believe that the trade mission from which the Minister of Trade and Commerce returned only a few weeks ago—

An hon. Member: Liberal policy.

Mr. Stuart (Charlotte): Yes, I believe it was Liberal policy—was one of the greatest ideas ever developed in any mind. I think the results which we may expect from that mission will be very helpful to the producers of this country. I want to support the action the minister has taken in every way in gaining every bit of the United States market that he can get. The more we trade with the United States the better I like it. I for one would like to say that we should trade for cash rather than trade for credit or give our produce away. The maritime provinces have depended on that market since 1867 and I do not want anything done to disturb it in any way. I would like to see it increased.

I know the people whom I represent do not want to produce unless there is a market for their produce and, in addition, they do not want the people of this country to subsidize produce or give it away to someone else. Let us take advantage of the markets open to us, and at the same time endeavour to increase markets in every other part of the world. To be sure, with these eggs that are all in one basket, let us protect the markets that we have. Let us not take chances on losing them, because when the time comes again to use a little dynamite or some other explosive to get them back we might meet the same result that we met between 1930 and 1935.

Mr. Murphy: Mr. Chairman, I would like to take two or three minutes of the time of the house on a matter which affects so many counties of western and southwestern Ontario; I refer to the growing of tobacco. Heretofore when I have spoken on tobacco in the house it was with the idea of having the duty or excise tax on cigarettes reduced in order to encourage increased production of tobacco, for the stabilization of the tobacco market generally, and to decrease smuggling. The hon. member who has just taken his seat in his speech a moment ago referred to the Minister of Finance as having only recently reduced the price of cigarettes by some 7 or 8 cents. That statement is probably as accurate as what he said about this government being a free trade government.

Mr. Stuart (Charlotte): On a point of privilege, Mr. Chairman, what I said was that the Minister of Finance had been responsible for a reduction of 6 or 7 cents—a 5-cent reduction of his own and 2 cents which the manufacturers gave as a consequence of the minister's reduction. I did not say that he reduced them 7 per cent. Read *Hansard* tomorrow.

Mr. Murphy: I do not have to read it; I have ears and I listen. The member said

just now that the minister was responsible for a decrease of 7 or 8 cents and that the minister's reduction was some 5 cents a package, but that was not the reduction at all. I wish he would look up the records and make himself a little more aware of the facts before he makes statements in the house which are wrong.

An hon. Member: Hear, hear.

Mr. Murphy: The same thing goes with respect to the tariffs applied by this government on goods leaving or entering the country.

For some fifty odd years we have been developing an industry in southwestern Ontario which has meant a great deal to our economy, although it has had its setbacks because of high taxes and high duties placed on certain of its products. It has been my privilege since I came to the house to advocate a different argument to that which I make today, because on previous occasions I suggested that the government consider reduction of the excise taxes and duties on cigarettes in order to encourage and support the industry. I think I can say without fear of contradiction that I have never heard any Liberal member representing a riding that grows tobacco advocate in this house a reduction of duties or excise taxes on any tobacco product.

Mr. Anderson: I rise on a point of privilege, Mr. Chairman. As I understood the hon. member he said that he had never heard a member on this side of the house rise in his place to protest against excise taxes on cigarettes. If he will refer to *Hansard* he may see what other Liberal members and I had to say last year; and credit for the decreases in excise taxes on tobacco is due as much or more to the Liberal party than to any other party in this house.

Mr. Murphy: Well, Mr. Chairman, I must apologize to the hon. member if I am wrong, and I accept his statement because I cannot do otherwise and be fair to him. However, I wish to remind him that since 1945, when I came into the house, it has been a lonesome road over here in the matter of endeavouring to impress upon the government that it was its duty or responsibility to reduce the excise taxes and duties on tobacco products. If there was one lone voice from the government benches it was very faint. In all probability that voice was simply asking for a reduction in the taxes which have been put on by this government since it came into power. Never in the history of the country have taxes on tobacco products been as high as they have been under the Liberal government, and let there be no mistake about that.

[Mr. Murphy.]

My purpose in rising now is to express the hope that this industry can be encouraged. I think, with the number of trade commissioners we have in various leading trading nations in the world today, an opportunity is now presented to those representatives in those countries to develop markets for our various products, and I refer particularly to our tobacco. I am very happy to tell this house that we take second place to no one in the world in the types of tobacco we produce. In western Ontario and in the regions which go still farther north we grow the flue tobacco which goes into cigarettes. I am very glad to say that in that part of Ontario we also grow what is known as dark tobacco and burley tobacco. In the province of Quebec they continue to extend the growing of tobacco that is used in the fillers and the binders when making cigars.

I think the house will agree with me that the reduction of the duties on cigarettes is going to give an impetus to the tobacco industry generally. That will apply not only to growers but to manufacturers and, I hope, to wholesalers and retailers. I think the acreage which can be used for growing these different types of tobacco can be greatly increased, but what concerns most of the tobacco growers in Canada today is the price which they get for their product and the markets which they have.

Markets seem to be none too certain in any given year. Owing to exchange difficulties we find that our market for tobacco in Britain has been seriously curtailed, and in all probability that will reflect itself in the price which growers will receive for their product.

I mention this, Mr. Chairman, because the other day one of the members of my party was kind enough to draw to my attention an article in the publication *Foreign Trade*, dated April 18. On page 191 there is a reference to Portugal's imports of tobacco leaf for 1952 in the amount of $3,816,000, as compared with a slightly smaller amount for 1951. I think we are all seriously concerned with promoting the sales of the various commodities which we in this country can produce in abundance. What interested me, Mr. Chairman, was the fact that Portugal's imports came from the United States, Greece and the Portuguese overseas possessions. According to this report the United States shipped about three-quarters of the amount imported by Portugal.

I mention these tobacco imports because we in this country can produce very much the same type of tobacco that the United States produces. There is only one type of tobacco that the United States produces which we do not produce, and that is what is called a

tobacco binder. We do not grow that in this country. When it comes to cigarette or pipe tobacco we do not take second place to the United States as far as quality is concerned. I am very happy to be able to say that to the hon. members of this house. I hope that the minister and his officials will take cognizance of this situation and will endeavour, through the trade commissioners in these very important trading nations, to see that some effort is made to market quantities of our Canadian-grown tobacco. I do know there are certain countries which require different types of tobacco, but I feel satisfied that in this country we can grow tobacco that can be imported and used by all these trading nations for either cigarette or pipe tobacco.

I noticed with a good deal of pleasure, and I am sure this applies to other members of the house, a statement recently made by the minister in which he said that the number of countries in which trade commissioners were located had increased over a year ago. He stated that the younger people on the staff are being encouraged to take training to become more proficient for that purpose. I hope these trade commissioners will endeavour to get a toehold, so to speak, in these various countries. Even small exports would be appreciated, because I know if they do import some of our good tobacco it will mean increased sales as the years go by. Such sales would help to stabilize the market for the grower, because there would be so many more outlets for what he is able to produce.

The other important matter with which I shall deal very briefly is the sugar situation as we find it today in Canada. I have dealt with this subject at some length on two occasions, and upon the minister's return from South America he gave a review of what had taken place during his visit to Cuba. I appreciate that. Just recently an agreement has been reached between the processors in western Ontario and the sugar beet growers. The price no doubt will be determined to a great extent by the price of raw sugar which is, of course, set in New York, that being the world price. I believe the minister indicated that the representatives of the refining industry would go to Cuba and report to him on their return. Through a question placed on the order paper I have asked if any such report was made, and have been advised that a verbal report was expected within a short time. Thus far no report has been given to the house. In view of the fact that this situation is so critical, and the fact that so many people in western Ontario—in fact all the growers in Canada—are dependent upon this price, I think we are entitled to some statement from the minister as to what the prospects are for the marketing of sugar beets this year.

Have steps been taken to curb the importation of Cuban sugar into Canada? When the minister spoke in the house after his trip he said there would be no refined sugar coming into the three western provinces or into the sugar beet area of western Ontario. I am not going to repeat what I have said before, nor do I apologize to anybody for what I did say. I was speaking on behalf of the sugar beet growers of this country, who today face peril and calamity with respect to the marketing of their products. There has been no assurance given by the minister or by anybody on behalf of the government as to what the prospects are for these growers. I am going to be brief in my remarks. I think people are entitled to a statement, because I am quite sure a report has been made to the department by these refinery representatives who were asked to go to Cuba.

If this were a matter involving only a few dollars it would not be so important. It is, however, a matter involving millions of dollars and thousands and thousands of growers. As I said before, if we crucify one segment of our primary producers today and another segment tomorrow, we will not have any left and we shall be dependent upon foreign sources for those requirements. I am going to say, too, that the minister was speaking in a little town in Perth county not long ago. I am sure he was aware that refined sugar had been coming into Canada, and certainly it was coming directly from Cuba. It was easy enough to find out how it was coming here. It was being shipped through New York in bond direct from Cuba.

In his speech in Mitchell—I have here only a monitored statement from CKNX, Wingham—the minister is reported as having said:

> The sugar institute undertook to see that the members of the institute would not ship here, and so far as I can find out they have been successful so far.

This speech was made on March 29 of this year. I want to say to this house not a pound of sugar is shipped out of Cuba except under a certificate issued by the sugar institute. No independent processor can ship one pound of sugar out of Cuba without getting such a certificate. The co-operation we are getting from Cuba seems to me to be very doubtful, from the attitude I have seen expressed in the Cuban press as well as from the statement made by the minister upon his return from South America.

The people of Cuba are going to ship refined sugar into this country until this country takes the necessary steps to stop it. Thus far they have not taken those steps, that I can see. At the time the minister spoke in the town of Mitchell he was asked by the largest sugar beet grower in Canada, a young man by the name of Wilfred Brockman, who was very much interested in what the minister had to say, on this question —I am quoting now from a newspaper report, and it reads as follows:

> Mr. Brockman asked him if he was aware that at least 25 carloads of Cuban refined sugar had entered this area since he had made his statement in the house that no more Cuban refined sugar would enter beet-growing areas. Mr. Howe replied that he had said there would be no "direct" shipments and that these carloads had not come directly.
>
> Mr. Brockman asked Mr. Howe: "Then the statement you made in the house was of no value; it was only a shield?" Mr. Howe said: "That's right".

Mr. Howe: Mr. Chairman, that is a complete misquotation of what happened. My hon. friend was not there. It is hearsay. If he continues to stooge for Mr. McGregor, he might at least be decent about it.

Mr. Green: Mr. Chairman, I rise on a point of order. The minister cannot get to his feet and make an assertion like that, namely that any hon. member is acting as a stooge for somebody else; and I would ask him to withdraw that assertion at once.

The Deputy Chairman: I think possibly the word "stooge" is unparliamentary.

Mr. Howe: I withdraw it, Mr. Chairman, and I will say "emissary".

Mr. Green: Mr. Chairman, that word is just as objectionable. The minister has no right to come in here and charge that another hon. member is speaking for somebody else and is not giving his own honest opinion. I ask you, Mr. Chairman, to instruct the minister to withdraw this other statement.

The Deputy Chairman: As I said when I rose before, I do not consider the word "stooge" to be parliamentary, but I am afraid that I cannot agree with the hon. member for Vancouver-Quadra that the word "emissary" is unparliamentary, nor do I think it implies that the hon. member for Lambton West who has the floor is not expressing his own opinion.

Mr. Green: Mr. Chairman, the minister said in effect that the hon. member was acting as an emissary for Mr. McGregor. A charge of that kind is not right, and I am sure the minister will withdraw it. We could not carry on a debate here in an orderly manner if members could get to their feet and charge that other members are acting here as emissaries or agents for someone outside of the House of Commons.

Mr. Howe: I do not think the hon. member for Lambton West would question it. He made a personally conducted tour of the sugar beet area arranged by Mr. McGregor; he attended meetings arranged by Mr. McGregor and he spoke throughout the area. I do not think he would object to the words I use. I do not know why the hon. member for Vancouver-Quadra objects if the hon. member for Lambton West does not.

Mr. Murphy: Mr. Chairman, I think I can take care of myself. What I have already said indicates plainly that anything the minister said in the house, and which was repeated here, is much more important than what he had to say about my connection with the sugar beet growers' association or with anybody connected with the sugar beet industry. I want to tell the minister flatly right now in this chamber that I am no emissary of Mr. McGregor or of anybody else in the processing industry. I want him to know that I was born in the sugar beet area and that my people grow sugar beets, always have and I hope always will if they get decent legislation which will assure a market for their products. I want him to know that I have been interested in the sugar beet growers just the same as I have been interested in the tobacco growers in this country, because both those groups have surrounded me ever since I was born. I do not mind telling him that I was born on a farm, that I spent a great many years on the farm, and that I am still farming.

Mr. Charlton: That is nothing to apologize for.

Mr. Murphy: I take an interest, of course, in the sugar beet growers of this country and the tobacco growers; and for that interest I make no apology to the minister, to this government or to anybody else in Canada. I have taken that interest during the time that I have been a member of this house; and as long as I am—and I expect to be here after the next election—I shall continue to do what I have been doing in the past. I think the minister may as well know that, as far as the sugar beet growers are concerned, a statement like that which he made in Mitchell does not reflect what I would call or what they would assume to be a fair practice, when he said in the House of Commons that there would be no refined sugar from Cuba going into the sugar beet growing areas of western Ontario and the three western provinces, and then qualifies it by saying that it will not come

direct from Cuba. As he said at Mitchell when he was asked:

"Then the statement you made in the house was of no value, it was only a shield?" Mr. Howe said "That's right."

For once he was honest when he said it was right that the statement he made in the house was of no value—

Mr. Howe: Mr. Chairman, my hon. friend did not hear that statement. The conversation was conducted in the corner of a church where I was assaulted by this young man. The hon. member is repeating hearsay. I tell him today that I was there and he was not. I have said he is not telling the truth about that conversation. Perhaps he will go on from there.

Mr. Murphy: Yes. It is a strange thing to me, Mr. Chairman, that until now the minister has not denied the statement.

Mr. Howe: I may say that I have had apologies about the incident from my hosts at that gathering; and I was speaking to a branch of the federation of agriculture. I should be pleased to present my hon. friend with a letter of apology from the federation.

Mr. Murphy: I have no doubt that the minister had apologies from those at the meeting, because it was a Liberal meeting. He would no doubt have apologies because he was placed in an extremely embarrassing position. It is embarrassing not only for him but for the government to have a senior member of this government get up and say that what he said in the house was only a shield; and today, because I raise the matter in the House of Commons, he says he did not say it.

Mr. Howe: What the hon. gentleman is saying is untrue. That is not a slander of him because he does not know what was said; but I know what was said. If he continues to repeat that untruth, I shall continue to set the matter right. Suppose he stops presenting slanderous hearsay in the House of Commons.

Mr. Fleming: Order.

The Deputy Chairman: Order. I hope this discussion has concluded. I think the hon. member for Lambton West must accept the assurance of the minister as to what he said on any particular occasion.

Mr. Murphy: All I can say about the matter in conclusion, Mr. Chairman, is that it is an extremely strange thing that this statement was not contradicted before today.

Mr. Howe: It was not made before today.

Mr. Murphy: It was made in the press.

Mr. Howe: My hon. friend is the only person low enough to make that kind of statement, not knowing anything about it.

Some hon. Members: Oh, oh.

Mr. Murphy: I am going to ask the Minister of Trade and Commerce to withdraw the remark which he has just made.

Mr. Howe: I will not.

Mr. Murphy: I refer to the statement in which he said I was the only person low enough to make such a statement.

Mr. Howe: Who was the lower man?

Mr. Murphy: I am asking that that statement be withdrawn.

Some hon. Members: Withdraw.

Mr. Howe: I will not withdraw.

The Deputy Chairman: I am sure the Minister of Trade and Commerce would not wish to offend the hon. member for Lambton West.

Mr. Howe: I would be delighted to.

The Deputy Chairman: At the same time, I am not sure that I can rule that the word "low" is unparliamentary. However, I am sure the minister would not wish to offend the hon. member. And I hope that this particular phase of the discussion has been completed. As I said, I feel that the hon. member for Lambton West must accept the assurance of the minister as to what he said outside of the house on the occasion in question.

Mr. Murphy: If the Minister of Trade and Commerce is not man enough to withdraw that remark, I can only say that we are both in the same pit.

Mr. Howe: That is a slander on me. I hope I never find myself in the same pit with my hon. friend.

Mr. Murphy: I do not know how I can present the matter more effectively than by using the minister's own words. It so happens, Mr. Chairman, that the minister—who, through not having foreseen the results of some of these trade agreements which he makes, now finds himself in a jam, and all the sugar beet growers in a jam—is greatly disturbed when he is being criticized for having a wrong policy, or for the lack of any policy. I think it is high time that this industry, which has meant so much to the economy of this country, had some clear-cut statement from the minister as to what the future has in store for it. I know there were a few people here the other day from the various provinces of Canada—Manitoba, Alberta, Quebec and Ontario, I think—representing the sugar beet growers, who had a consultation with the minister. I want him to

tell the committee if any assurance was given them as to what they could expect, and if he by any chance indicated that there was some embargo on Cuban refined sugar. I was given to understand that statement was made.

Mr. Howe: Mr. Chairman, if the sugar beet growers had wanted my hon. friend's presence at that time I am sure they would have invited him. It happened to be a private conference, and I do not know that he is entitled to know what happened.

Mr. Murphy: The sugar beet growers who came down here were certainly given some information that would be of value to the sugar beet growers of this country, which the minister would have been able to give them. It may have been private so far as the minister and those representatives were concerned. But I think it is of vital public interest that matters of such concern should be made available to the public generally. Those people were after information they wanted to take back to the growers of their respective provinces. If some embargo is to be placed upon Cuban refined sugar for 30 days, then let the minister tell the house if that is so, and how it is being done. Let him also tell the house how he is going to stop the importation of refined sugar into any part of Canada, as he said when he spoke after his return from Cuba.

The sugar beet growers of these four provinces in Canada are entitled to a statement from the minister as to the government's intentions with respect to the preservation of their industry, which has meant so much to the economy of this country.

Mr. Jones: Mr. Chairman, I rise to support the remarks already made by the hon. member for Kootenay West regarding the apple and soft fruit growers of Canada, and particularly those in British Columbia. I am not going to deal with all soft fruits although I could, because I have received numerous letters setting out the personal loss and inconvenience caused these growers by lack of markets and unfair competition. I have letters showing where the finest prunes that can be grown in Canada, or anywhere else on the North American continent, were sold for as low as 9 cents a crate. I have other letters showing where half a crop had to be dumped in the ravine to get it out of the way.

However, I should like to take this opportunity to deal particularly with the plight of the peach growers. A few days ago I received a letter from a man who has been growing peaches in the Okanagan valley for the last twelve years. In 1949 he picked 40 tons of peaches from his then young and promising orchard. The severe frost of a few years ago killed a third of his trees and damaged almost all the balance of them, with the result that in 1950 he had no crop.

Incidentally those growers received compensation, but his total compensation for the loss of all those trees was only $38, to help him in replanting. This year his orchard recovered to the point where he had 20 tons of first-class peaches. The bulk were sold to the cannery. Some of them netted him $63 a ton and some $40 a ton, or an average of somewhere around $50 a ton. The choicest peaches of all were sold for an average of less than 50 cents a large crate. These were sold as fresh peaches on the domestic market.

The sad part of his story is that while the cost of production was almost $70 a ton, he sold them at an average price of $50. The growers of British Columbia I must say have not been idle in trying to remedy their marketing conditions. They have organized into one of the finest growers' organizations on the whole of the North American continent. But even so they can only see to it that they have a first-class product ready for market. The growers, naturally, look to the government for assistance in protecting the domestic market which, at the present time, could absorb all the peaches grown in Ontario and British Columbia combined, if it were not for what I consider unfair American competition, which last year amounted to approximately 12 million pounds of canned peaches alone. This dealt a severe blow to the Canadian canners, who now have a combined carryover of more than 25 million pounds of canned peaches.

Mr. Chairman, it seems to me the time has arrived when the government should take an interest in this problem. They have taken some responsibility for butter, eggs, pork products and wheat. I do not think that the fruit growers are asking, nor would they accept, charity; but they are asking the government to investigate the situation in connection with the importation of soft fruits from the United States.

I realize that much could be done on a provincial level. We in British Columbia have a soft fruits and vegetables market consuming roughly $5 million worth of those commodities annually. Yet $3 million worth of the products going to that market was supplied by the importation of fruits and vegetable from the United States. As I have pointed out before, this condition is general in every province; it is not confined to British Columbia.

I notice in *The Grower,* a publication issued by the Ontario fruit and vegetable association, some very pertinent facts in

respect of the marketing of peaches. They set out on an approximate basis the value of the total quantity of peaches sold. I shall not quote the figures, because I would not be in order if I were to do so, but I can say that the processors of peaches paid $2,125,000 in 1951 for 22,627 tons. The domestic fresh fruit market was probably greater than that. They estimate that for 1952 there would be a drop of 9,453 tons in the quantity to be processed. This was caused by the heavy carryover. On June 30, 1951, there was a carryover of 13,670,000 pounds of canned peaches. On June 30, 1952, a year later, there was a carryover of 25,355,000 pounds. Naturally this forced a reduction in the pack for 1952-53.

It is pointed out in *The Grower* that during 1951 Canadians imported 11,805,000 pounds of canned peaches from other countries, chiefly the United States, and exported only 57,000 pounds of our own canned product. The publication also points out the fact that from 1948 to 1951 inclusive the sale of imported fruit cocktails jumped from 2,079,971 pounds to 25,397,276 pounds. Estimating a third of the contents of fruit cocktails to consist of peaches, this would indicate another 10 million pounds of peaches imported in that form, or from 5,000 to 6,000 tons.

Without this tremendous and unbalanced importation, Canadian peach growers grew enough to supply the whole market. *The Grower* goes on to blame partly the antiquated processing methods used in Ontario. However, that does not apply to British Columbia, where we have a similar marketing problem. Our methods are quite up to date in our canneries.

The answer to this complaint could well be for the government to advance loans on a long-term basis at a low interest rate to cooperative processing plants, thus enabling them to bring down processing costs by the use of more modern machinery. I presume that price is a major factor in the sale of canned peaches. Through modern methods of production, methods which we should have with government help, the United States has been able to quote prices that have captured the Canadian market to the extent of 12,000,000 pounds after paying heavy transport costs and a duty of approximately $50 per ton on peaches. I hate to use the term "dumping", but I feel we have a serious situation there which to my mind amounts to dumping, and that is why I think it should be investigated. I realize also that high freight rates, along with the recent increases, will further handicap our growers.

As *The Grower* points out, surely there is something wrong when a nation of 15 million people are importing 12 million pounds of peaches, whereas a nation of 150 million will take in return only 57,000 pounds of our canned peaches. This problem involves government policy. We ask that a fair break be given the soft fruit growers, both in British Columbia and Ontario, by setting up an investigating body to see if something cannot be done to protect our own domestic markets for our own goods.

Mr. Pouliot: Mr. Chairman, I have just a few questions I should like to ask the minister. I have in my hand the Canada Year Book for 1951, and on page 890 I see that in 1948, the year the present minister became head of the Department of Trade and Commerce, our total imports amounted to $2,636,945,000. In the same year our total exports amounted to $3,075,438,000. I would appreciate very much if I could have the total of Canadian exports and imports for 1935, when there was a change of government in Ottawa.

Mr. Howe: In 1935 the exports to all countries were $756,600,000 and imports from all countries were $522,400,000.

Mr. Pouliot: I thank the minister for that information. Could the minister tell us the total amount of Canadian imports and exports last year?

Mr. Fair: There were two wars in between.

Mr. Howe: In 1952 the total exports of Canada to all countries were $4,400,000,000 and the total imports were $4,050,000,000.

Mr. Pouliot: I thank the minister for the information. There has been a tremendous increase in imports from 1948, when they totalled $2,636,945,000 and when the minister took charge, to the total of $4,050,000,000 last year. In the case of exports the increase was from $3,075,438,000 to $4,400,000,000. These figures show that today our trade is much greater than it was in 1935 when the Liberal administration took office, and they indicate also the progress that has been made by the Department of Trade and Commerce under the present minister.

I am always satisfied with good results. I cannot argue with those who put the needs of their constituencies on the record, as that is their right; but as far as my electors are concerned I am perfectly satisfied with the good results that have been achieved by the Department of Trade and Commerce under the present minister.

The minister carries on many occupations with equal success, something which I cannot understand his being able to do. I think the success of the Department of Trade and

Commerce is due to his initiative and the constant assistance that is given to Canadian businessmen by the officials. I have had occasion to get in touch with the export and import branches of the department, and I was surprised to learn the amount of information that was at the disposal of Canadians who intended to trade with other countries.

I believe I have said this already in the house, but I want to take this opportunity to state again, that the international trade fair held at Toronto has put Canada on the map. It brings businessmen from many countries to Canada where they have an opportunity to meet Canadian businessmen. This fair, which was brought about through the initiative of the minister, has done a lot to promote Canadian trade.

Another action by the minister that has brought good results is the trip he made to South America. Some years ago a similar trip was made by his predecessor, and the results were quite good. But the last trip of the present minister to the various countries of Central and South America was the thing Canada needed to increase our trade with these friendly countries. I have some friends there who tell me that the minister was received not only as an ambassador of good will but as a prince by the chiefs of state of those countries.

What the Department of Trade and Commerce has done under the present minister is to make all facts accessible to all. There is a weekly periodical published by the Department of Trade and Commerce which is very useful. It has a fine appearance and it is the best kind of publicity for promoting our trade. I know the minister is modest, and I find him very patient with some speeches that are made. I could say much more to praise the department which he leads, but for me it is not speeches that count. It is, as I said in the first place, results; and the results under the splendid leadership of the Minister of Trade and Commerce have been so good that everybody should be satisfied with the progress that Canada has made in trade.

Mr. Higgins: Mr. Chairman, the hon. member for Temiscouata is indeed a very special pleader in this matter, but it is rather unusual to me at least to feel that the Minister of Trade and Commerce has to retain counsel to reply on his behalf. I believe he is quite capable of doing that himself, and why the hon. member felt that an explanation was in order, and why he had to put all the questions he did to the Minister of Trade and Commerce is a little hard for me to understand. But he does it in a very admirable way. I should think the information he gave was very useful, but he did not go quite far enough.

Mr. Pouliot: I am more interested in facts that in theories.

Mr. Higgins: So am I, but I suggest to the hon. member that inasmuch as he was getting this information he might well have asked the minister the value of war production during the years from 1935 to 1952. That is very material.

Mr. Pouliot: It is on top of that. Everything has been good.

Mr. Higgins: This is separate.

Mr. Pouliot: Although my hon. friend pictures it in black, it is pink.

Mr. Higgins: No; a little grey, I would say. After all in the nighttime all cats are grey. But even after hearing these glowing figures I still have a little doubt in my mind when I hear hon. members from all parts of the country get up and talk about the market for peaches being bad, the market for apples being bad, the bacon situation being tough—I do not mean the bacon itself—tobacco sort of in trouble, cheese not very easy to sell, wheat also in a little difficult situation, lumber bad, base metals going down and mines closing. One begins to wonder what is going on. Of course we have to admit, even as the hon. member for Temiscouata will admit, that money is definitely going up in amount, but it is certainly very much less in value.

While there is no question that the Minister of Trade and Commerce is doing a good job, I wonder just how good that job really is, because we have several hon. members complaining about these markets and the difficulties of selling products. What is the answer? Is the answer that the Department of Trade and Commerce is not doing its job properly, or is it that the markets are not able to absorb the products? I am not competent to talk about the items I have enumerated, and possibly it may be considered that I am not even fully competent to discuss the question that I propose to discuss now. However, I notice that no members from the maritime provinces or from Newfoundland have mentioned the question of fish. The markets of those provinces at the present time, both for salt fish and fresh fish, are very definitely in the doldrums. The minister is fully aware of that.

With respect to the salt fish market, part of the minister's recent hegira to the West Indies and South America was the special visit he made to Brazil. I am told, although I may be wrong, that the special visit to Brazil was for one purpose only, to inquire

as to the market for salt fish. I understand that no good whatsoever came out of that visit in so far as opening the market is concerned. That is an extremely serious matter because in the old days, and not so old at that, Brazil was one of the greatest markets Newfoundland had, at one time buying something like 400,000 quintals of fish. That market is now closed, and of course with any market closed to Newfoundland salt codfish it puts an added burden on the markets to which the maritime provinces sell.

I am sure the minister will tell us that he has done everything possible with respect to the Brazilian market, but it is a very serious matter. If it were possible for that market to absorb 100,000 quintals of salt codfish, then the salt codfish situation would be eased as far as Newfoundland is concerned, and consequently that would ease other maritime markets. I presume the minister has tried every possible means to make that market available. I do not know whether it is a question of the Brazilian people not having the money or what the situation is, but even if it is necessary to lend them money that is so much better than to try to put a floor price under fish.

At the present time the fresh fish business is in a very bad condition indeed. There is a tremendous glut on the market, and Canada has not been getting her share of the increased purchases in the United States in the past few years. United States consumption has gone up but Canada, while still the largest supplier of fresh frozen fish to the United States, has practically remained in a stable position while the sales of the competitors of Canadian fish have gone up amazingly. I should like to give certain figures so that hon. members may understand the situation clearly. They appear in an editorial in the *Daily News* of Newfoundland of April 15. I am not going to read the editorial, but will merely quote the figures.

In the period from 1950 to 1952, while Canada's shipments of frozen cod fillets to the United States remained practically stable, Iceland's rose by 300 per cent and Norway's shipments by 500 per cent. That is an extraordinary situation.

Mr. Howe: What was the size of the shipments in 1950? Percentages are sometimes misleading.

Mr. Higgins: I shall give the sizes, and they are by no means small. Canadian sales in 1950 amounted to 51,067,000 pounds and in 1952 they amounted to 54,807,000 pounds. In 1950 Iceland shipped only 12,529,000 pounds to the United States, but in 1952 its sales rose to 35,487,000 pounds. That is not peanuts; that is fresh frozen fish. In 1950 Norway shipped 2,080,000 pounds and in 1952 10,540,000 pounds. In other words they had increases while Canada's market in the United States was stable. We did not sell any more, but those two countries increased their sales of fresh frozen fish by 31 million pounds over what they had been selling before. I do not blame the minister for it, but certainly somebody has very definitely missed out in this market.

It is easy to say that Iceland has been forced to sell more to the United States because of the loss of the British market. As the minister knows, the reason for that loss of the British market was the embargo placed on Icelandic fish by Britain as the result of Iceland extending her territorial water against Britain's wishes. I think that is the reason, though whatever the reason is it has set up this reaction now and we—and I mean the maritimes as well as Newfoundland—are finding the market for fresh frozen fish terribly sticky indeed. It may be a temporary matter and the minister may be able to evaluate these things much better than we can, but it is serious indeed.

When the hon. member for Lambton West was talking about his sugar beets and Cuba, I was thinking that it is not altogether an easy situation to handle. I hope he will not disagree with me too much, but while it is very nice to say that we will not buy any sugar from Cuba and that we will use our own, I am sure that the minister will agree with me—and I do not like to agree with him too much—that if we do not purchase sugar from Cuba they will not be able to purchase fish from us. Therefore I think there must be some kind of a happy medium in the matter. We have to approach the problem of trade carefully, and not completely shut off a market which we are dealing with. We have to approach it in the light of what they buy from us and what they want to sell to us.

An hon. Member: We have sugar beets too.

Mr. Higgins: I know you have, but this has to be worked out. We cannot suddenly put up the barriers and say that we are not going to do any business at all.

I have before me a clipping from the *Daily News* of April 15, 1953. It contains an Associated Press dispatch from Washington dated April 14 referring to a meeting to be called by North Atlantic fisheries interests and the United States. They proposed to put up tariffs on fresh frozen fillets; and I read:

Under present tariff schedules imports of frozen fish fillets are taxed 1⅞ cents a pound on the first 15

per cent of domestic consumption or 15 million pounds, whichever is larger. Thereafter the duty is 2⅛ cents a pound.

The new plan calls for a flat duty on all imports of 2½ cents a pound.

That is only a report of the meeting so far and the matter has not gone to the United States congress. However, if the plan is presented and if the United States government adopts the recommendation, it is going to be practically ruinous for the frozen fish industry of Canada. I am sure the minister has had that in his mind when dealing with the question of fish, but if he has not had it there before I trust that he will remember it in future.

We also have the rather extraordinary spectacle that when our own frozen fish and salt fish trade is, as I said, in the doldrums Canada is importing a very large variety of fish, fish which we produce in Canada ourselves. According to an order of the house which was tabled on March 30, Canada bought $6,265,094 worth of fish in 1952. More than half, $3,280,000 worth of fish, was purchased from the United States. As an amateur in this trade and commerce business it does seem to me that it is a rather extraordinary situation that at a time when we cannot sell our own fish to the country we need to sell it to, we should be buying fish from that country. It may be that it is the sugar beet and Cuba question all over again; but it is something that I just do not undersand and cannot explain in any way. I trust that the minister will be able to give me a little light on it later.

The last matter I wish to refer to is the question of new industries in Newfoundland today. We have the unusual spectacle of Newfoundland being changed to a more or less machine age, and that is being done in a tremendous hurry. I am sure the minister must have full knowledge of what is being attempted by the provincial government of Newfoundland, and that he is in a position to assure us that all is well in those new industries. He is doubtless very close to one of them indeed, as he himself opened the machine plant last August. I was not present at that opening because we do not receive invitations to be present on such occasions, but I believe he promised that there would be extensive orders—

Mr. Howe: Mr. Chairman, are we going to continue these secondhand rumours which my hon. friend peddles in the house? To whom did I promise orders? I did not promise anything in the hearing of my hon. friend, I am sure.

Mr. Higgins: I said I was not present at the opening of the plant.

[Mr. Higgins.]

Mr. Howe: Let us not discuss the promises I made.

Mr. Higgins: The promises did appear in the newspapers. I do not have the references with me, but I recall them at the time and they have been constantly repeated since by columnists writing in Newfoundland papers. I have been attempting to get an answer to a question which I put on the order paper on March 6, but I have received only a very equivocal reply. The minister could say "yes" or "no" or "go to heaven" about that industry, and then there would be no question about the position. There would be no question about secondhand evidence or misquotations, merely a straightforward answer about what is going to be done about that machine plant.

This is a time when Newfoundland has not too much money to invest, and a great deal of money has been invested in that industry by the Newfoundland government. I believe that in all the industries that are now in operation or attempting to be put in operation there is some $25 million on loan. Where the industries are being entirely operated by the government, some $10 million has been given not as a gift but as an advance. The minister must know what is going on. A lot of us are very doubtful of the very rosy promises made by the premier of Newfoundland as to the future, but the minister does know what is going on and I think it is time he made a statement on this matter to Canada as a whole.

This is not too much to ask in connection with a new province. The minister has been very gracious in his approach to the problems we have, and I may say that he has given us material assistance through his department in a great number of ways. He very clearly keeps his finger on the problems, and I think it is time that he should tell us whether all is well in the industrial program of that new province.

Mr. Green: The minister has listened to quite a bit of advice in speeches today and I was proposing to ask him four or five questions, but perhaps he wishes to make his statement first.

Mr. Howe: I can make my statement first if you wish. There have been a good many questions asked and I can answer you now or later, just as you like.

The first question was raised by the hon. member for Eglinton about the loss of our markets in the United Kingdom, with particular reference to markets for products such as salmon, cheese, apples, bacon, etc. Our exports to the United Kingdom in 1952 showed a substantial increase in

both value and volume over the previous year, and at $745 million they reached the highest figure in the past five years. The United Kingdom is making steady improvement financially, and will continue to provide a major market for Canadian exports.

The hon. member asked about the loss of markets for food products, and the future for the export of Canadian wheat in view of the failure of the United Kingdom to accede to the international wheat agreement. First of all with reference to food products, I might say that the value of the food products shipped to England in 1952 was an all-time high for any peacetime year. He said that we had lost the market for canned salmon. Britain recently announced the purchase of $4,250,000 worth of canned salmon from the country. This purchase goes a long way toward reducing our carryover of canned salmon as a result of the unusually large catch last year. In so far as cheese is concerned, the British purchased about 5·5 million pounds of cheese this year from us. This purchase cleaned up all the surplus available at the time.

An hon. Member: Now, now.

Mr. Howe: We had difficulty buying it for delivery. We could have sold more.

Mr. Charlton: What are the holdings of cheese today?

Mr. Howe: I do not know.

Mr. Charlton: If you do not know what the holdings are today, how can you say there is no surplus?

Mr. Howe: Do you know what the holdings are?

Mr. Charlton: I certainly do.

Mr. Howe: What are they, then?

Mr. Charlton: It is not up to me to answer the question.

Mr. Howe: If you knew, why did you ask me?

Mr. Charlton: I just wondered if you knew.

Mr. Howe: However, these fictitious surpluses of my hon. friends are not so apparent when you come to buy them.

Mr. Charlton: Mr. Chairman, they are not fictitious.

Mr. Howe: I might say that we were charged with the obligation of buying the surplus of dried milk. Hon. members heard the Minister of Agriculture say that we made provision for buying 10 million pounds, and we have been able to buy less than 5 million pounds to date.

Mr. Charlton: You expect it to be given to you.

Mr. Howe: We are buying it.

Mr. Charlton: But at pretty low prices.

Mr. Howe: If the surplus position were as bad as my hon. friend represents in this house, I think a little more would have been delivered. In 1952 the British purchased 706,000 bushels of apples out of the 1951 crop valued at $1,581,000. We were told today that there was no surplus from the 1952 crop. I think anyone who comes from the apple country will confirm that statement. Apples sold, and sold at a good price.

I turn now to bacon. Canadian prices of bacon have ruled above the support price of 23 cents to January 1 of this year, and at the moment are about $3.50 above the support price. In order to sell bacon or other meat products in the United Kingdom market, Canadian farmers would have to meet the prices charged by suppliers in Australia, New Zealand, Argentina, Denmark and Holland. In the case of bacon this would be $30.32 per 100 pounds f.o.b. Denmark or Holland against the present Canadian price of $36 f.o.b. the Canadian seaboard.

In so far as beef is concerned, the spread would be even wider. Top quality New Zealand beef is costing the United Kingdom an average of 14·5 cents per pound f.o.b. New Zealand, and Argentine top quality beef is about 19 cents per pound against the present Canadian price of approximately 37 cents per pound for good quality at the seaboard. In 1952 we exported 238 million pounds of animals and animal products, in spite of the fact that we had foot-and-mouth disease plaguing us throughout most of that year.

Now, what is the future for the export of Canadian wheat? A good deal has been said about our great surplus of wheat. We have had three extraordinarily large crops of wheat, one on top of the other. Last year we had the largest crop in the history of Canada, and the equivalent of two average crops before that. Selling has not been the problem; it has been transportation. Transportation is still the problem. If we had more wheat available at seaboard, we would be able to sell more wheat. One of the most crippling things that has happened to the marketing of wheat has been the elevator strike at the west coast.

Hon. members gloat over the trade figures for February and March, which show a drop in exports. That drop in exports is exactly equivalent to the amount of money we

would have received for the wheat we could not ship from Vancouver because of the elevator strike. I am sure we will be hearing about the decline in exports during the campaign throughout the country, but that is the explanation. We cannot ship the lost quantity of wheat through the eastern ports because the capacity to handle it is not there. We hope to catch up by the end of the year, because we hope the strike is not going to last much longer.

I do not think hon. members wish me to discuss the wheat agreement situation, because a debate on that subject will occur some time next week when we discuss the resolution now on the order paper. I might say that whether or not the United Kingdom accedes to the agreement, she will still be buying wheat in Canada, as she has in the past.

I do not know whether the hon. member for Lethbridge really wants me to discuss GATT, or whether we can sit down quietly and discuss it between ourselves. He asked who started this idea. I think it was a spontaneous demand from all countries emerging from the war to lower the trade barriers. Canada was active in it. Mr. Wilgress was the first chairman at Geneva, and also chairman at Torquay. Every country took an interest in it. As a result of the general agreement on tariffs, we allowed in a great number of items duty free or at a reduced rate and we were protected against discriminatory tariffs on the part of other countries. I am sure the splendid increase in Canadian exports is due in no small measure to negotiations carried out under the aegis of GATT.

What are the prospects for convertibility of the pound? All I can say is that, as a result of a series of conferences in which Canada has taken part, all the countries who are interested in convertibility of the pound are working towards convertibility. The strengthening of the financial position of Britain is a step in the right direction. Conversations have been had by that country with Canada and with the United States concerning the measures that would be needed to place convertibility of the pound on a sound basis. Conversations are now taking place between the United Kingdom and the countries of Europe who would also require to work along the same lines, and all I can say is that steady progress is being made toward convertibility. I can say that anything Canada needs to do as her share towards bringing that about will be done.

Someone said that Canadian imports from the United Kingdom were being hampered by duties. I should like to point out that of the total imports from the United Kingdom in 1951 worth $421 million, 59 per cent came in free of duty. Of the 41 per cent remaining, a good deal was represented by Scotch whisky, which carries a high rate of duty. Excluding the Scotch whisky, the average duty on the balance of the imports was charged at 5 per cent ad valorem. Therefore I think we can discard the theory that Canadian tariffs against United Kingdom goods are a factor in preventing the balance of trade.

The difficulty is that Canada has had a very rapidly expanding economy since the war. The requirements for imported goods have gone up faster than has the productivity of the United Kingdom. We do all we can to favour United Kingdom goods in this market. I think the United Kingdom is making progress in opening up markets here, particularly for manufactured goods which Britain is best able to sell and for which we provide one of the largest import markets in the world. I could give a number of examples of extremely successful efforts by British firms to export to this market in increasing quantities and to establish a market here for their goods, but I do not know that I need to take the time to do so at the moment.

It has been suggested that we are not doing all we can—

Mr. Green: Their delivery rates are better?

Mr. Howe: They are getting a bit better, yes. The situation has been difficult. It has been a matter of lack of availability in the first place and a lack of reliable delivery dates. That situation is being corrected. British prices are in line, and I think the market in Canada for manufactured goods from Britain will grow as Britain becomes more firmly established with a representation in this country. This country imports currently about $600 million worth of equipment alone which Britain might well manufacture. Of that market Britain should take an increasing share.

The suggestion has been made that we should purchase war materials in Britain. The Department of Defence Production must purchase the type of equipment that the army orders, but we have placed substantial orders in the United Kingdom. I think to date the orders placed there amount to something in the order of $100 million. All of our heavy tanks are being purchased there, a certain amount of ammunition, the aircraft carrier, quite a number of airplanes including 15 for Trans-Canada Air Lines and two Comets for the R.C.A.F. It is the policy of

the Department of Defence Production to examine all requisitions from the army in order to determine whether they could be filled in England. If the material must be imported, the preference is given to the British market in filling the order.

We were asked what was going to happen with regard to Japan. The question was as to how we propose to meet Japanese competition in the Canadian market. In 1952 our sales to Japan were valued at $102 million and the imports from Japan at $13 million. Negotiations are proceeding for a trade agreement between Japan and Canada in an amicable and friendly manner, and we have good reason to believe that an agreement will be arrived at which will safeguard the interests of Canadian manufacturers and at the same time be mutually beneficial to both countries.

The leader of the C.C.F. party pointed out that participation of the United Kingdom in this market has gone down. During the depression the United Kingdom supplied us with up to 24 per cent of Canadian requirements; that is, exports from the United Kingdom to Canada were 24 per cent of Canadian requirements. But since 1945 the United Kingdom share has steadily decreased. The reason for that is, of course, that our requirements have grown much more rapidly than has the ability of the United Kingdom to produce for this market. There are many easier markets in the world for the United Kingdom to sell in. They can sell in India, Australia, and Egypt, which are traditional United Kingdom markets and which are also expanding rapidly and making a heavy demand on United Kingdom products. However, our exports to the United Kingdom have been growing from year to year; and while our imports have been holding about steady, we expect that situation will improve in their favour.

Then the leader of the C.C.F. party suggested that we sell apples, salmon, cheese, bacon and other surplus products to the United Kingdom for sterling. We do sell for sterling, but we sell for convertible sterling. What I presume he means is that we sell for inconvertible sterling. Inconvertible sterling is merely an agreement to pay dollars at some indefinite date in the future; it is a loan without interest and without a due date. Britain has never asked us to make that kind of loan. I suppose if Britain asked us to make almost any kind of loan we would consider it carefully; but I cannot for the life of me see why members of the House of Commons would urge that we make a loan to Britain in the form of an interest-free advance with no due date, rather than an ordinary loan normally made between two countries. Inconvertible sterling is simply a promise to pay—in small denominations, probably—that we take and put in a safe; but that sort of transaction is not one that either the government of the United Kingdom or the government of Canada would favour. It is wholly impracticable. I do not see why that suggestion has persisted so long.

I think I have fairly well covered the points I wish to make. The hon. member for Annapolis-Kings asked for specific results from our Latin American trip. It is very difficult to give a list of direct sales made, except for the sale of 115,000 tons of wheat to Brazil, which sale was arranged at the time we were in Brazil. Every member of the mission did business, and has had further inquiries since his return to Canada. The Canadian exporters' association reports that more of its members have visited Latin America since our mission than at any other time. One of our leading paper mills reports the best business they have ever had in areas visited by their salesmen, and attributes this fact to the visit of our good will mission. Our farm implement manufacturers have had inquiries, and old customers have again asked for newsprint from Canada.

I think any other information required can be brought out on the various estimates.

Mr. Higgins: Is there any possibility of giving me an answer?

Mr. Howe: My hon. friend worries about the exports of fish. So far as I know, since Newfoundland joined the confederation her fish have been sold every year. I do not know of any fish that have remained unsold over the years. There is a surplus there now, but nothing that either Newfoundland or ourselves consider to be burdensome. We will continue to sell Newfoundland fish just as we have sold it ever since Newfoundland became part of Canada.

Mr. Higgins: Does the minister consider the fish market is just about normal at the present time? Do you think the fish situation is about normal there?

Mr. Howe: No, I am not expressing any opinion. I cannot speak about every commodity in every part of Canada and say whether the market is normal or abnormal. But I say that since it has been our responsibility to sell Newfoundland fish, we have sold it all. We have found markets for it, and I express confidence that we will continue to do so.

Mr. Higgins: I am not talking about Newfoundland only; I am talking about maritime fish as well.

Mr. Howe: Well, let us talk about the area you know, and not extend the discussion to areas you do not know much about.

Mr. Higgins: What about the Brazilian market?

Mr. Howe: My hon. friend has not had the Brazilian market since he can remember. There was a little fish put into Brazil on a barter deal a few years ago, fish for paper. Aside from that Newfoundland has been excluded from the Brazilian market for many years.

Mr. Higgins: Is there any market in Brazil now?

Mr. Howe: Yes.

Mr. Higgins: When?

Mr. Howe: As soon as the currency opens up more.

Mr. Green: The minister dealt with several matters about which I proposed to ask questions. However, there are two or three more I would bring to his attention. Would he tell the committee what results have followed by way of increased trade between Canada and the commonwealth countries as a result of the commonwealth economic conference which took place last November? I ask about that because it appears to me that the conference merely worked out a broad approach to the question of how trade generally could be increased. However, it may be that additional steps have been taken which have increased trade. Is that so?

Mr. Howe: The economic conference in London was not a trade conference. No ministers of trade were there. It was a financial conference, attended by prime ministers and their ministers of finance. We sold more to the commonwealth countries last year than ever before in our history. It was the first time in history that our sales to the commonwealth exceeded a billion dollars. But I would not say that the economic conference was the particular cause of that situation.

Mr. Green: Will there be any sort of trade conference at the gathering to take place after the coronation? I understand the senior ministers of the different commonwealth nations are to confer at that time. Will their discussions include commonwealth trade?

[Mr. Howe.]

Mr. Howe: I have not seen the agenda. Trade, of course, is always a subject matter for discussion; but it would not be what I would call a conference on trade.

Mr. Green: Then will the minister give consideration to taking some definite steps to promote trade between Canada, and Australia and New Zealand? These countries would benefit from any commonwealth arrangement. However, as I understand the figures, our trade with those two nations is very low at this time, a matter that is of great concern to those of us on the west coast. I have here a copy of *Foreign Trade* for February 21, 1953 in which are listed the eleven leading countries in Canada's trade, for the years 1951 and 1952. In both those years Australia was ninth. As a matter of fact in 1952 the exports from Australia were $1 million more than in 1951, or a total of $50 million as against $49 million in the preceding year.

At one time Australia was our third best customer. Now she has dropped to the ninth position in exports, and she is eleventh in respect of imports to Canada. The trade figures show that in 1951 goods to a value of $45 million were imported by Canada from Australia, and that in 1952 goods to a value of only $20 million, or less than half, were imported.

Then at one time New Zealand was our eighth best customer. Now she is not even on the list. I do not know how far the figures for New Zealand are below those for Australia. However, Australia is ninth in her purchases from us and eleventh in our purchases from her. At one time Australia was our third best customer for lumber, following the United Kingdom and the United States in that respect. At times I believe South Africa bought more than was bought by Australia. Also, we formerly sold a great deal of canned salmon to both Australia and New Zealand. We now have 350,000 cases left in our warehouses, even after allowing for recent sales to the United Kingdom, and it is my understanding that no canned salmon is being sold either to Australia or New Zealand at the present time.

It seems to me that if the Department of Trade and Commerce put on a drive of the kind made to develop trade with South America, and if that were put on by the minister himself, there might be great benefit for Canada, Australia and New Zealand. This may not be the best way to approach the matter, but in my opinion there is a very serious problem involved. Something should be done to increase that trade.

We have on the west coast a new shipping line planning a service to Australia and New Zealand, but doing so I believe on a tentative basis. If trade cannot be increased I am afraid there is not much prospect of retaining a proper shipping service to Australia and New Zealand. Of course we can get there by plane within a few hours; they are no longer weeks away from the west coast of Canada.

We do feel greatly concerned however about the fact that trade between Canada and those two nations of the commonwealth has decreased so materially. Would the minister tell us whether anything can be done about it?

Mr. Howe: Trade with Australia and New Zealand is still a sterling area problem, just the same as our trade with the West Indies or with other sterling countries. At the conference held in January, 1952 all the dominions and colonies were asked to tighten up on their expenditures of American and Canadian dollars. They did so. They all imposed drastic prohibitions. Australia and New Zealand stopped importations of automobiles from Canada. That is only one item. I could add that they cut down on their importations of lumber and newsprint. Quotas were put on a large number of products. That accounts for the failure to sell canned salmon. All I can say is that the only hope of restoring the trade is to restore the financial position of the sterling countries to a point where they can afford to spend more dollars in Canada.

Mr. Green: Were there not somewhat similar obstacles in connection with promoting trade in South America?

Mr. Howe: Oh, no.

Mr. Green: Were there not?

Mr. Howe: Nothing to do with the sterling problem.

Mr. Green: But there were exchange problems and restrictions?

Mr. Howe: In certain countries, the Argentine and Brazil, there are restrictions. You mentioned Newfoundland codfish. The currency situation in Brazil has closed off that market for the time being. Argentina has prohibitions on many articles. As we come northward countries like Mexico, Colombia, Venezuela, Cuba, Haiti and the Dominican Republic, have practically no currency regulations. Their markets are just as free as the Canadian market.

Mr. Green: Would the minister give some consideration to sending a mission to Australia and New Zealand. I believe that if we sent representatives on a high level there might be a possibility of doing something about this trade situation. Another result would be to promote understanding among these three countries of the commonwealth.

Mr. Howe: I would be delighted to head a mission to Australia and New Zealand. I would like to go there.

Mr. Green: It would be a good idea.

Mr. Howe: Anything that can be done in Australia and New Zealand can better be done through negotiation with their representatives in London. London is the banker of those countries. I am quite sure that no radical change in money quotas or money restrictions could be arranged anywhere except in London.

Mr. Green: In his speech on April 17 the minister said that the general agreement on tariffs and trade would run out at the end of the present year. Presumably it is to be renegotiated. I took it from his remarks that Canada is in favour of the renegotiation of the agreement. Could the minister give us further details of government policy with regard to GATT and also with regard to the British preference?

Mr. Howe: Canada has no intention of changing its policy on either. We will certainly use our best efforts to see that GATT is extended for another three years. We have always maintained the British preference and always will, at least in the foreseeable future.

Mr. Green: The Canadian government then has no intention of asking for a change in the British preference?

Mr. Howe: No.

Mr. Green: That is correct?

Mr. Howe: We never have asked for it.

Mr. Green: I am not so sure. My interpretation of what has happened in the past is not the same as the minister's. However I am talking about the policy at the present time with regard to the British preference and I understand from the minister that Canada is not going to ask for any change.

Mr. Howe: That is right.

Mr. Green: I should like to have the minister's views with regard to the exportation of iron ore from the west coast to Japan. This has been discussed on previous occasions and, as he knows, I have suggested that the government should take some action to stop or at least reduce this export for fear that if it is continued it will delay or make impossible the establishment of a steel industry on the west coast.

One answer the minister gave last year was that the exports of iron ore to Japan were made in small quantities and would not affect the situation. Our trouble is that our iron ore deposits are comparatively small; we have nothing like the huge deposits in Quebec and Labrador. I got figures today from the bureau of statistics which show that in the last calendar year 802,311 tons were exported to Japan from the west coast. The exports during the last half of the calendar year were far heavier than during the first half, being at a rate which would mean total exports for a full year of 1,103,232 tons.

This iron ore is dug from crown-granted claims, so the provincial government cannot impose restrictions on its export. It is dug out by a company owned in the United States, and shipped in Japanese bottoms. Canada gets about $7 per ton for this ore, yet we buy back from Japan steel which has a value of $150 and $200 per ton.

The great worry is that if this operation is carried on indefinitely there will not be enough iron ore on the coast to justify the establishment of a steel mill, or that the establishment of such a steel mill will be delayed. I would be grateful if the minister would give his views on this question.

Mr. Howe: Mr. Chairman, the iron ore situation in British Columbia is purely a matter for the provincial government. The government of British Columbia owns its natural resources; it owns this iron ore. If it has given mining rights to anyone the permit must have been given with the expectation that the ore would be exported because there is no present demand for it locally. I am certain that the province has the power to stop the mining of this ore any time it pleases.

I cannot think what the federal government could do about it. The federal government must make laws that apply all across Canada. The federal government would be most reluctant to stop the export of iron ore, because this phase of the industry is just beginning. We have been net importers of iron ore for a great many years, and we hope in a year or two to be net exporters. I would hate to do anything that would prevent the export of iron ore. If we did, Newfoundland would be affected because they have been supplying Britain with iron ore for many years and no doubt would like to continue to do so.

Mr. Green: I think the situation is that these mineral claims are crown-granted, which means that the companies which have the crown grants are absolute owners. Therefore the province has nothing to say about what is done with that ore, and I do not think the province can stop its export. On the other hand, the dominion government has power under the Export and Import Permits Act to stop or regulate it. I am afraid that there is no way in which the situation can be met by any government body other than the dominion government.

I realize that action of this kind would not be required in eastern Canada, but our position on the west coast is quite different because of our limited deposits. If these exports should increase we might be seriously prejudiced in so far as the establishment of a steel industry is concerned. Does the minister take the position that he can do nothing under the Export and Import Permits Act?

Mr. Howe: The provisions of that act require that certain conditions must obtain as a reason for interfering with exports. I am afraid the only way we could do it would be to use the Emergency Powers Act, and after the lashing we took on that for the past two days I would think—

Mr. Green: I am not suggesting that for one moment.

Mr. Howe: That is the only power on the statute books that would permit us to interfere with the situation.

Mr. Green: I do not agree with that. I submit that it could be done under the Export and Import Permits Act.

Mr. Fleming: Mr. Chairman, before proceeding to ask the minister certain questions I should like to comment upon the report of the department. I think it is most regrettable that when we are studying the estimates of this department the report of the department is not available. I am indebted to the deputy minister of trade and commerce for sending me galley proofs of the report this morning. The minister tabled galley proofs in the house this morning, but of course they have not been made available to hon. members. This department is unlike some others in that its year is the calendar year and not the government fiscal year. That explains to some extent the delay in the tabling of the report for the year 1952, but I should like to say that I think it is highly important that in future the report of the department for the previous calendar year should be presented to the house in ample time before the estimates of the department are brought on for consideration in committee of supply, so that all members will have an opportunity of familiarizing

themselves with the contents of the report. It is an important report of an important department. I think a knowledge of the contents will not only help to expedite the work of the committee of supply, but it will also mean that members will be informed as they ought to be.

The first matter I should like to take up relates to the prime ministers' conference held in London last December. The minister has emphasized the fact that the conference was concerned with financial questions and not with trade. I think we are all aware of that fact. The report of the prime ministers' conference was, it seems to me, unfortunately vague and general in its terms. It may be that the deliberations of the conference were of such a nature as not to admit of a report being written in more specific terms. Nevertheless it is exceedingly vague and general.

I should like to take up a point with respect to the report of the prime ministers' conference in relation to the subject of convertibility, on which the minister made some comments. He indicated the importance which the government attaches, and I think rightly so, to convertibility as related to the trading outlook of the country. He did say that the government are prepared to take whatever measures they are asked to take to assist in bringing about convertibility.

I should like to ask the minister to develop that theme further and indicate what measures, if any, the Canadian government has been asked to take in that direction; what other measures, if any, are under consideration, and what answer has been given in relation to any particular request for measures that the Canadian government has been asked to take in that direction.

Mr. Howe: As my hon. friend knows, I was not present at the conference. I have only read such report as was issued, and so far as I know no request has come up to this time for the Canadian government to take action. Convertibility is some distance away. I could not say whether it is a matter of months or years, but progress is being made in that direction. It is the intention to work toward convertibility at the earliest practical time, and I am certain that before final steps are taken requests will be made of Canada. All I can say is that Canada is very much interested in bringing about convertibility and will endeavour to do what is necessary at the time.

Mr. Fleming: On the subject of our trade with the United Kingdom, the minister used the expression this afternoon that "we do all we can to favour United Kingdom goods in our import markets." What did he refer to specifically there?

Mr. Howe: Our trade commissioner service is at the service of anyone attempting to sell British goods here. If we are buying for the government abroad, we try to buy in the British market in preference to any other, in our own self-interest. I made the remark this afternoon, I think, that we bought from the United Kingdom something over $100 million worth of goods in the last year in munitions or in aircraft for T.C.A. and things of that kind. In other words, our desire is to buy in the United Kingdom in preference to any other market. It is not always possible; in fact it is only occasionally possible, but when it is possible that is our policy.

Mr. Fleming: That was the point, Mr. Chairman. The minister made a statement with respect to government policy in relation to trade generally. It was at a later stage in his remarks that he took up the point of placing defence orders in the United Kingdom. But are we to understand that it is a definite policy and a matter of instruction on the part of the department to its officers who are placing orders, whether defence orders or otherwise, that where the goods cannot be furnished in the home market they should give a definite preference to the United Kingdom?

Mr. Howe: I would say so, price and quality being equal.

Mr. Fleming: Oh yes, quite.

Mr. Howe: And availability reasonably good. Sometimes we do not have the time to get the goods from the United Kingdom. Delivery is important, but if delivery, price and quality are equal we will favour the United Kingdom.

Mr. Fleming: I think this is an appropriate point to ask the minister for clarification of an incident that created some degree of mystification at the time. About August 15 last the minister made a statement as reported in the press to the effect that Britain might receive $150 million worth of free armament from Canada this year. The press dispatch that came from London, following the appearance of a report to that effect in the Canadian press, indicated that at least some of the treasury spokesmen at London found it hard to understand the statement. They pointed out that if it was something new they did not understand it, and if it was a reference to something that had been undertaken before then it had been announced under circumstances that made it difficult to understand.

Would the minister make a full statement so we may have ample clarification of this matter? The dispatch I have before me is a Canadian Press dispatch from London dated August 15 which refers to another dispatch and reads in part as follows:

> The dispatch said the program announced by Howe had been drawn up "at least six months ago. Canada herself is making no direct arms gift to the United Kingdom", the correspondent wrote. He added that Canada's attitude has been described in Ottawa as "willingness to give Britain all help short of aid." Meantime in the British press there has been little other interpretative comment on the arms-gift arrangement.

Will the minister make a full clarifying statement now with regard to this matter?

Mr. Howe: I think that would be more appropriate when we are discussing the estimates of defence production. It had to do with Sabre planes, which have been delivered steadily, and certain other goods. I do not remember the particulars at the moment. I was not prepared to discuss the matter on these estimates.

Mr. Fleming: If the minister would prefer that I bring it up on the estimates of the other department I would be quite agreeable. I thought it followed along naturally after our discussion on policy with reference to purchases from the United Kingdom, but I shall be glad to bring it up on the estimates of the other department.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Fleming: Mr. Chairman, the last subject relating to our trade with the United Kingdom on which I should like to ask the minister for some further statement relates to the token import scheme that has been in effect and applied by the government of the United Kingdom since 1946. That you will recall, Mr. Chairman, is designed on the one hand to limit importations into the United Kingdom and at the same time permit certain commodities from abroad to be kept before the consuming public there. I mentioned last night that while the original quota set was 40 per cent of pre-war sales in the basic period 1936 to 1939, nevertheless effective January, 1952 that 40 per cent quota was cut to 30 per cent.

Imports into the United Kingdom under the terms of this scheme may not bulk large in total. The total in 1952 was $5,600,000 as compared with $7,500,000 in 1951. We are told in publications of the department in the last two years that the British purchase tax and competition from other countries have made sales under the scheme more difficult. In the past year about 266 firms participated as against only 118 in 1946 when the scheme was first introduced.

I should ask the minister for some comment on the scheme and particularly whether the Canadian government has made any representations to the government of the United Kingdom with a view to liberalizing—if I may use that word with a small "l"—the provisions of the token import scheme, increasing the percentage or enlarging the scope within which Canadian exporters may operate under the scheme.

Mr. Howe: Mr. Chairman, the token import scheme is still in effect applying to 30 per cent of pre-war exports, as my hon. friend has outlined. The quotas have not all been taken up, but I think about $5 million of them have been. The scheme has been broadened and, of course, we are always bringing pressure on the British government to relax import controls to the greatest extent possible.

A few days ago I had a personal letter from the chancellor of the exchequer which outlined the present position. It is that there are world open licences which allow anyone to import certain commodities from any country in the world without any restriction as to quantity. They cover: nickel ores and concentrates, residues and matte; asbestos, raw and fibre; platinum ores and concentrates; cobalt metal (unwrought) and cobalt oxide; pig iron, iron ore; steel scrap.

Then there are open individual licences. These are in general issued to individual importers who apply for them. The holders may import unlimited quantities of the commodities covered so long as the open individual licence remains unrevoked. They normally involve an obligation to make regular returns of actual imports and future commitments, and they can be revoked if imports prove to be excessive. In the case of the commodities listed, the open individual licences apply to imports from any country in the world. The commodities are: wheat and flour on reversion to private trade; coarse grains on reversion to the private trade; softwood; lead; zinc.

Then there are specific licences. These are issued on application to individual importers, and allow the holder to import up to a value stated on the licence. Licences are normally issued on proof of essentiality, but in some cases they are issued by reference to a predetermined ceiling of total imports. In the case of some commodities, licences are issued on a non-discriminatory basis—that is the licence enables the holder to import from any non-sterling source. In the case of the other commodities the licence will generally

apply only to imports from the dollar area. In most cases non-dollar imports are licensed on a more liberal basis, generally under open general licences or individual licences which do not cover imports from dollar sources. The specific licences cover: bladders and casings; animal fats; linseed and linseed oil; beans for canning; tobacco; veneers; plywood; hardwood; pulp; newsprint; fertilizers; chemicals; kraft paper; abrasives; ferro alloys; steel; synthetic rubber; seeds and pitwood.

The government also makes direct purchases of: cheese, rationed types; meat; canned salmon; aluminum; oils and fats; copper, tungsten ores and concentrates.

That is the position today. The token import market scheme has been broadened to the extent I have indicated.

Mr. Fleming: Do I understand that the commodities listed by the minister have been lifted entirely out of the scope of the token import restrictions?

Mr. Howe: Yes. The licences are broader than those in the token import scheme. Generally speaking, the limitation is much less than in the token import scheme.

Mr. Fleming: That is not too easy to follow. Are we to understand that the commodities which the minister has read in all cases lie outside the token import scheme and, as to such restrictions as do apply, those restrictions have been now lifted?

Mr. Howe: Yes, to the extent I have indicated.

Mr. Fleming: Is there any indication that the percentage for the past 15 months, the 30 per cent applicable under the token import scheme, is going to be raised in the near future?

Mr. Howe: No, there is no indication of that. The import licence scheme is a holding operation to allow exporters of pre-war days to hold their brand name on the market. As financial conditions permit, the government of the United Kingdom is gradually moving out of that plan into a much broader plan to the extent that I have indicated, that is on the commodities I have named. There is no import licence required for a number of items; that is, they can be imported from anywhere in the world regardless of currency. Then there are other items that are subject to fixed quantities with no discrimination as to country. All this list is on a much broader basis than you are claiming.

Mr. Fleming: I have a number of other matters to raise. I am sure, Mr. Chairman, that it will be the wish of the house that the government should do all in its power to encourage the removal of these restrictions by the British government. It is evident in the world today that quota restrictions and exchange restrictions, of this and other kinds, are more restrictive of trade than conventional tariffs. To the extent that the government will do all in its power to encourage the removal of these restrictions which have hampered the export of Canadian goods to the United Kingdom market, I am sure its efforts will be supported.

I should like to turn to several inquiries with relation to the United States. The minister made a brief reference this afternoon to GATT, and expressed the hope that it would be possible before the end of this year to carry forward an extension of the general agreement on tariffs and trade. I believe that view is shared by most of the members of this house. Will the minister tell the house what, if anything, the government has done in the way of feeling out the opinion of the United States government in this matter by opening negotiations. It is quite evident that the success of GATT in relation to its extension will depend very largely upon the attitude of the United States government.

President Eisenhower, in his inaugural speech, declared himself in favour of the extension of GATT, but he did not specify whether he meant simply an extension in point of time or an extension with respect to the commodities and rates covered by the present agreement. There have been various opinions expressed by members of the United States congress on their attitude towards GATT and that type of trade agreement. Will the minister tell us what, if anything, the Canadian government has done by way of opening negotiations with the United States administration on this subject?

Mr. Howe: The negotiations to which the hon. member refers will take place this autumn. Our officials are in close touch with the officials of the United States. Depending upon whether or not the powers of the reciprocal trade agreements act extend the president's power to make further concessions, we would look for an extension of time. If the reciprocal trade agreements act is extended, there may also be a widening of scope. After three rounds of tariff negotiations, the scope of GATT is about as wide as it can go at the present time. We would be glad to see it wider, but we are not too unhappy about it now.

Mr. Fleming: I take it, then, from the minister's statement that the government really has not much hope that the extension

will apply to more commodities or carry the present agreements to a higher degree.

Mr. Howe: I did not say that at all. I hope the hon. member is not going to suggest that I expressed an opinion on what the United States will do, because I cannot do that. I have not the faintest idea.

Mr. Fleming: I asked the minister how we were to interpret his remark about the extension. We were talking about two kinds of extension, one an extension in point of time and the other an extension of the application of the general scheme of GATT.

Mr. Howe: Well, if the president's powers are allowed to expire we can then look for an extension of time. If his powers are renewed, then we can look for an extension in both time and scope; that is all I can say.

Mr. Thatcher: I wonder if the minister would say what the present position of Japan is in so far as GATT is concerned. Have they asked to come in? If they have, who is holding them out? Perhaps the minister would say what the attitude of the Canadian government is toward that?

Mr. Howe: Japan has applied for admission to GATT. The application is under consideration. I do not know who is causing the delay; I suppose a number of people. As to what Canada's position is, I am not sure at the moment. In any case, it would not be important. The position of Japan will be considered, I am sure, at the next meeting of GATT, when a further decision will be made.

Mr. Thatcher: I should like to point out to the minister what I know he already knows. Japan is a country of over 85 million people. It has been stripped of the possessions it had before the war. It seems to me that if the Japanese are to live, they must export. I think it would be desirable, therefore, if they were brought into GATT. If they cannot trade with us I think they will have to turn to the communist countries. Therefore I hope the Canadian government will support their entrance to GATT when the time comes.

Mr. Fleming: Will the minister tell us what efforts the Canadian government is making in the direction of customs simplification on the part of the United States?

Mr. Howe: There again, customs simplification on the part of the United States is a matter for the United States government. We are pressing for the United States to ratify that measure. The joint chamber of commerce of the United States and Canada has considered that particular problem, and have been advocating it for some time. What is required now is congressional action.

Mr. Macdonnell (Greenwood): We have been talking about the difficulties of this matter for many years. Has there been a real liberalization, say in the last four or five years, in the administrative policy of the United States?

Mr. Howe: There has been no change in the act in the last three or four years. There has been a more favourable approach to customs simplification. A bill has been drawn, and it is before the United States congress. I resent very much being asked any opinion of what the United States congress will do or what United States officials will do.

Mr. Macdonnell (Greenwood): I was not asking the minister for any opinion on what the United States will do. I was asking about a matter of fact, and he has partially told me.

Mr. Thatcher: This afternoon the minister told me his department had a special import branch. I wonder if he would mind clarifying that statement a little. Will he say who is the head of the branch, what exactly are its duties, and what results it has had in encouraging imports in recent years?

Mr. Howe: The branch has been in existence for six or seven years. It is headed by a man named Charles McGinnis. The duties of the branch are to assist foreign exporters to find markets in this country for their goods. It has been very effective. The branch is the particular guardian of the trade commissioners from other countries, and it helps them carry out their duties in finding markets for the products of their countries in Canada. Similarly we have an export division which performs the same function for our exporters.

Mr. Thatcher: Would the minister care to say whether this particular branch has done any work in trying to encourage imports from Britain in the last year or two?

Mr. Howe: I wish my hon. friend would not ask silly questions.

Mr. Thatcher: As long as the minister will answer them, it is all right.

Mr. Howe: Will the hon. member admit that Britain is a country desiring to export to Canada?

Mr. Thatcher: I would think so.

Mr. Howe: Then this branch is functioning.

Mr. Thatcher: It may be a silly question, but I have never heard of this import branch which the minister says is active.

Mr. Howe: The hon. member has not been in Ottawa very long.

Mr. Thatcher: Has the branch just died a natural death or is it doing something to try to get our import figures up?

Mr. Howe: It is not a committee. It never was a committee. I hate to teach my hon. friend the A, B, C's of government organization, but I may tell him that this is division A of the Department of Trade and Commerce. If he will look in the Department of Trade and Commerce annual report he will get the complete personnel, their salaries and their pedigrees. It has been in existence for a long time. If he will just read the departmental report he will not have to ask that question.

Mr. Thatcher: I am not particularly interested in the pedigrees. All I should like to know—and I do not think the minister needs to get in a dither about it—is what they are doing to increase our British imports, if anything. If they are not doing anything, all he has to do is to say so. If they are doing anything, then let him tell us what it is.

Mr. Howe: They are just doing that. They are working to try to increase British imports and to find a larger market for British goods, just as they are working for French goods, Italian goods, Australian goods and New Zealand goods; I could go through the whole list of 48 countries. They are working for all of them, trying to find markets for their products in Canada, and doing what they can to help to balance trade between Canada and all the countries with which she trades.

Mr. Macdonnell (Greenwood): I want to ask a silly question.

Mr. Riley: That is not surprising.

Mr. Macdonnell (Greenwood): I should like to know a little bit about the relationship between the export branch and our trade commissioners. For instance, if a Canadian manufacturer wants assistance, does he move through officials there and then does he go on to the trade commissioner, or does he establish direct contact with our trade commissioner?

Mr. Howe: It is optional. He usually establishes direct contact. But if he wishes to go to our export division to find out what commodities a certain country can absorb, he will get advice there and then he will be directed to the trade commissioner service and be in touch with the trade commissioner directly.

Mr. Fleming: This country and city were favoured a fortnight ago with a visit by the premier of France and several of the leading ministers of the French cabinet. Are negotiations being carried on between the Canadian and French governments with a view to a new trade agreement within the scheme or the framework of GATT or otherwise?

Mr. Howe: There are no trade agreements with countries that are members of GATT. GATT is a multilateral trade agreement in which all countries are placed on the same basis. There are no trade agreements with any country in the world that is a member of GATT.

Mr. Fleming: Let us not quibble about terms. We know what the scheme of GATT is. All I asked was whether any negotiations are being carried on between Canada and France with reference to trade, or looking toward closer trade relations, or agreements of any kind with respect to trade.

Mr. Howe: No; nothing of that kind. There could be no agreement. Trade arrangements are fixed for all countries that are members of GATT. They are all the same. We have a committee on trade with France—a committee of civil servants—which meets from time to time to study trade problems, to advise France of any trade opportunities here and to obtain their advice as to any opportunities for Canadian goods in France; but it is not a committee that makes trade agreements.

Mr. Fleming: There are two other matters about which I should like to question the minister. The first is one I mentioned in my remarks last night. It concerns a press report which appeared on November 18, from which I read just the opening paragraphs. It is a Canadian Press dispatch and reads in part as follows:

> The Canadian government has adopted a get-tough policy against alleged dumping of manufactured goods in Canada by two communist-dominated countries—Czechoslovakia and Poland.
>
> Customs officials have been empowered to increase the value for duty on an imported item by as much as 50 per cent before applying the regular tariff charge. Thus the government will collect the duty plus the difference between the quoted and increased price.

Can the minister make a statement on the subject of the trading operations of those communist-dominated countries in this respect?

Mr. Howe: The article is correct. It is impossible to get fair market values in either Czechoslovakia or Poland. We have asked for the information and we have not been able to get it. Therefore we apply fixed values for duty purposes.

Mr. Fleming: Have those values been the 50 per cent that is mentioned in the article?

Mr. Howe: Fifty per cent is the limit fixed in the act.

Mr. Fleming: Have you applied the maximum in all cases, or just in some?

Mr. Howe: I do not know that. It has nothing to do with me. The Minister of National Revenue operates that machinery.

Mr. Fleming: Can the Minister of National Revenue say?

Mr. McCann: Mr. Chairman, in trade relations it is customary for foreign countries to allow officials of the government, particularly of the Department of National Revenue which has to do with the handling of customs and excise, in their countries where they may obtain values with reference to goods that are exported to Canada. I am sure hon. members are acquainted with the general principle, namely that the goods are invoiced into this country at a fair market value; that is at the prices at which they sell in the country of origin.

With reference to Czechoslovakia, the government carried on negotiations with its representatives in this country at that time, and asked for the privilege of having our representatives go into Czechoslovakia to obtain those values; and that privilege was denied. When it was denied, in order to give a fair share of protection to our own manufacturers with whom these exporters would be in competition, it was decided to apply the dumping duty. That dumping duty is a maximum of 50 per cent in advance of the prices at which those goods are invoiced into this country. That was applied on this occasion, and it was applied because of the fact that manufacturers in our own country, principally of textiles, complained to the government that textiles were being put on the Canadian market at prices less than the equivalent prices at which they were sold in the country of origin.

Mr. Fleming: What is the policy of the government with respect to the export of scrap iron to Japan?

Mr. Howe: Export of scrap iron outside of this continent is not allowed, except for an occasional shipment to the United Kingdom under special permit.

Mr. Fleming: Have no exports of scrap iron to Japan been permitted from Canada?

Mr. Howe: Not at all.

Mr. Fleming: None whatever?

Mr. Howe: No.

Mr. Fleming: Is the minister quite certain that no export was permitted within the past few months from Vancouver—

Mr. Howe: Quite sure.

[Mr. Howe.]

Mr. Fleming: —of scrap iron to Japan?

Mr. Howe: Quite sure.

Mr. Fleming: None whatever?

Mr. Howe: None whatever.

The Deputy Chairman: Shall the item carry?

Mr. Macdonnell (Greenwood): No, Mr. Chairman. I want to ask the minister whether the export situation with regard to Venezuela has been improved.

Mr. Howe: Since when?

Mr. Macdonnell (Greenwood): Since the minister told us it was in a poor way last February. The minister said that members of our trade mission obtained important on-the-spot orders and all expressed the opinion that Canada is doing a very poor selling job in that country; that is Venezuela.

Mr. Howe: Unfortunately the trade statistics are not up month to month, but I shall be glad to watch that situation carefully and to give my hon. friend a report during the next session. I am sure the situation will improve.

Item agreed to.

General administration—

427. Commodities services (including the former wheat and grain division) including contributions as detailed in the estimates, $617,872.

Mr. Wright: I note that this particular item now includes the former wheat and grain division. I believe that in the estimates last year this division was under a separate item. Is there any particular significance in the fact that it is now placed under the commodities services branch? Is it just a matter of administration or is there any particular change in policy?

Mr. Howe: It is purely a matter of administration. Dr. Wilson, the former head of the department, is now stationed in Rome; and instead of maintaining it as a separate division —as my hon. friend knows, it is only a small division—it is put under the commodities division for administration.

Item agreed to.

428. Trade commissioner service, $2,522,696.

Mr. McLure: What is the difference between ambassadors, consuls, trade commissioners, honorary commercial agents and foreign service officers? We find all these under the Department of Trade and Commerce, and apparently all are doing the same work. That is, as I understand it, they are endeavouring to sell our goods in foreign countries. However, they all seem to be designated by different titles. For instance, in Buenos Aires

we have an ambassador, a consul and all the other officers. If a man wishes to make a deal with that country, should he go to a foreign service officer or to an honorary commercial agent, or to whom should he go? Perhaps he should go directly to the ambassador, if we have one there.

Mr. Howe: An ambassador is the representative of the government in a country. He reports to the Secretary of State for External Affairs. He is the diplomatic head of the Canadian mission in the country to which he is accredited. The consul is also an officer of the Department of External Affairs, and deals with various commercial documents on behalf of that department. A trade commissioner is a representative of the Department of Trade and Commerce, accredited to a country that does not have a diplomatic mission. He may be the senior representative of Canada in that country. For instance, in Haiti and the Dominican Republic we have trade commissioners as senior officers.

Then a commercial counsellor is a representative of the Department of Trade and Commerce who is attached to an embassy. That is, where an ambassador is the representative of Canada in a country, he will have on his staff a commercial counsellor who is the equivalent of a trade commissioner in countries where there are no ambassadors.

Then in countries where we have no other representation, as in Bermuda, we have a local man who is known as an honorary commercial agent. In Bermuda he happens to be the head of Butterfields bank and, without cost to Canada, he is good enough to reply to our correspondence. If we have problems there we write to him, and he will straighten out the matters for us.

Mr. Catherwood: When the minister spoke on Friday evening he very properly informed us about the activities of this part of our service, which I feel is a very important one. Perhaps we have underestimated the value of the service this branch has given to our country. A trade commissioner in my opinion is really an ambassador of good will to another country. I feel that in selecting these men great care should be taken, because the position calls for special gifts and special qualifications. I do not think an ordinary college education alone qualifies a person to fill these positions properly. They require men of experience, men who are enthusiastic in the interests of Canada and who are willing if necessary to spend 24 hours a day to promote good will between Canada and the countries in which they are located. I hope careful consideration is being given to the selection of the people who will represent us.

Were any new trade offices opened in other countries during the last year, and is there any possibility of opening more in the near future?

Mr. Howe: I am glad the hon. member has mentioned favourably the trade commissioner service, because I believe it is a service that returns its cost to Canada many times over. I am really amazed by the accomplishments of some of our trade commissioners, in fact by nearly all of them. Every few days something turns up that shows extraordinary activity on the part of our trade commissioners, business coming to Canada that we would have lost had it not been for their activities.

Speaking on Friday night I said there were 48 offices with a staff of 379 including local staff. Within the last year we have opened three new offices, at Beirut, the Dominican Republic and New Orleans.

Mr. Wright: To what extent do these trade commissioners use films and radio in their work in these various countries, to advertise Canadian goods?

Mr. Howe: Each trade office has a projector, and they are supplied with a library of films. If there is any particular commercial film required by the office, they will write to the department in Ottawa. We try to rotate commercial film, and sometimes cultural film, so that eventually they travel to all the offices.

Mr. Murray (Cariboo): Is it the government's policy to encourage young Canadians to serve as typists, filing clerks and the like in these various offices in foreign countries? In my view that should be encouraged so these young people may be trained to take part in our extraterritorial service.

Mr. Howe: When the factor of security is important we send people from Canada to fill the positions of stenographers and clerks. Where that is not necessary we try to employ Canadians who are resident in the area or, if that is not possible, we employ local residents who are not Canadians. However, I have visited most of the offices in Europe and Latin America, and I have found a good representation of people direct from Canada in those offices.

Mr. Higgins: I notice there are only two trade commissioner offices in all of Canada, one of which is at St. John's, Newfoundland, and the other at Vancouver. I notice that the amount for the Vancouver office is being increased this year by a little over $1,000, while the amount for the St. John's office is being reduced by about $6,200. I presume

the difference is in connection with the director. Is it the intention to replace him? I understand he died.

Mr. Howe: My hon. friend will appreciate that we used to refer to Newfoundland as a foreign country, or rather as a sister member of the commonwealth. Now it is part of Canada. We are bringing the office down to the point where it is merely a representation of the service in Newfoundland. Vancouver is in a somewhat different position, although I think the duties are about the same. Vancouver is the gateway for everything that comes across the Pacific.

Mr. Higgins: St. John's is in the same position for everything coming across the Atlantic.

Mr. Howe: But they do not all stop there; many ships pass by.

Mr. Higgins: It is not intended to replace the director?

Mr. Howe: No.

Mr. Herridge: In recent years I have noticed that when a trade commissioner is on leave he visits various centres and addresses local organizations. I think this is an excellent thing. I have heard very favourable comment on this practice by people who are interested in the trade commissioner service. What is the policy of the department in that respect?

Mr. Howe: Trade commissioners are brought back to Canada every three or four years and are required to make a tour of the country to get in touch with industry, public bodies and so on. This serves a double purpose. First, it makes sure that the trade commissioner is in close touch with Canada and, second, it makes sure that Canadians have an opportunity to meet our representatives and gain from them any information that they may require about the different foreign markets.

Mr. Fleming: One is glad to have an opportunity to pay a tribute, not only to the importance of the trade commissioner service but to the high quality of men who are serving Canada in that very important capacity. It has been my good fortune to meet a number of these men and it is my opinion that they are eminently worthy representatives of Canada in the important posts which they hold.

There is an item in the details on page 487, acquisition of building for residence abroad, $40,000, which is a new item. Could the minister explain that.

Mr. Howe: We have just sent a man to Djakarta in Indonesia and the report is that there is absolutely no available accommodation. We regard it as an important key point in the east and this appropriation is to enable the trade commissioner to build or buy a suitable building.

Mr. Fleming: Will the building be used as an office or residence or both? Will it provide living accommodation for anyone but the trade commissioner?

Mr. Howe: It will be a residence and office for the trade commissioner, and if he has an assistant I assume that he will also find room in the building.

Mr. Fleming: How many people are there on the staff?

Mr. Howe: Just the one.

Mr. Fleming: Just the commissioner?

Mr. Howe: Yes.

Mr. Fleming: Will it be a case of sending materials there or will materials be acquired in Indonesia for the purpose of constructing this building?

Mr. Howe: We will not send materials there; the building will be of the type that is built in that city. He will attempt to buy, but if he cannot buy at a favourable price he will arrange to build. If he builds, it will be done with local materials and labour.

Mr. Fleming: What is the policy of the department with reference to the provision of buildings to house the trade commissioner service abroad? Is it the policy to obtain office accommodation in an office building and then leave the commissioner to find his own housing accommodation?

Mr. Howe: That is the procedure. We rent suitable office space and the staff look after their own housing. Of course where we have an ambassador the trade commissioner is able to obtain office space in the chancellery. Where the trade commissioner is working by himself, he rents an office and finds himself a house.

Mr. Fleming: I take it that this item represents a quite unusual situation.

Mr. Howe: Yes. The situation was carefully explored and we were told that there is no possibility of renting accommodation there, either for use as an office or a home.

Mrs. Fairclough: In what respect is the service at Detroit being augmented? I notice that both the staff and the appropriation are much larger than last year.

Mr. Howe: Formerly this was an external affairs office, with a consular officer. We have taken over the staff as a combined trade and consular office.

Item agreed to.

429. Information branch, $177,218.

Mr. Bryce: I think this is the item which deals with advertising. Anything I shall say is not intended to be criticism of the trade commissioners, because I have as high regard for them as any hon. member in the house. I have had the opportunity of meeting Canadian trade commissioners in different countries, and I know they are doing a wonderful job.

However, I do not think we advertise our goods enough. I do not want to take up time because I realize it is getting late in the session. Take the item of hogs alone. I was in Great Britain not long ago, and I have been there many times before. When they sell you a breakfast there they tell you that you are getting a piece of American bacon. That just sticks in my throat when they tell me that it is American bacon, because I know perfectly well it is Canadian bacon.

I have made a study of our bacon in Britain. We have the finest bacon going to Britain, but we do not advertise it. When it is sent away from here it is stamped "product of Canada", but with the fine slicing they did in the United Kingdom during the war that bacon lost its identity completely. I suggest that we follow the pattern set by New Zealand. Right up to the time a man gets New Zealand butter on his table there is a wrapper around it which states that it is a product of New Zealand. Why do we not do that with our bacon? We could supply them with the paper wrapping, telling them that it was the best bacon they could buy, that it was from Canada.

I have seen Canadian eggs in London marked as new-laid eggs when it took ten days to send them there. Stamped on the end of each egg was "product of Canada". It was identified. We send apples there and they are identified as being the product of British Columbia, of the maritimes or of Ontario.

One of the finest products we have ever exported from this country is Canadian bacon. Let us identify our Canadian bacon and not take the dirt that we are eating American bacon when we are served bacon in Great Britain. I made a study of this during the war, and I know we have the finest bacon going to the United Kingdom. Even Danish bacon could not compare with it. I hope the minister will take that into consideration and do something about advertising our products. If you do not toot your own horn nobody will do it for you.

Mr. Howe: In the case of the United Kingdom we advertised our products there up to the time bulk buying became the pattern in the early days of the war. All products were then bought by the United Kingdom and distributed by means of a rationing system, and advertising and labels were discouraged. We were not allowed to put the name "Canada" on our bags of flour. We were not even allowed to put the word "Canada" on a tin of salmon. That situation is changing, and as the market becomes more freely available for our products I am sure we will start other advertising campaigns in the United Kingdom.

Item agreed to.

430. Economics branch, $156,884.

Mr. Wright: Looking at the details of this item on page 489, I notice that we have a large group of economists who are graded all the way from grade 1 to grade 10. I am rather surprised at that. I do not know just how the grading is done. We have two grade 1 economists, two grade 2 economists, five grade 3 economists, one grade 4, five grade 5, one grade 6, one grade 7, three grade 8, no grade 9 and one grade 10. Will the minister give us an explanation as to the grading of the economists? I should think we would have senior economists, junior economists and perhaps intermediate economists, but ten grades seem too many.

Mr. Howe: The grading system is set up by the civil service commission. It is based upon the qualifications of the man. There is no grade 9. I suppose that man died. I agree it is a good many grades for not too many economists, but this is the system that runs throughout the civil service. Wherever an economist is found, he is in one of these grades. People of the same grade would have the same educational qualifications and the same length of service.

Item agreed to.

Exhibitions—

433. Canadian international trade fair, including authority to refund, from revenue, deposits received for contracts for space, $830,000.

Mr. McLure: From this item it would appear that we were spending $830,000, but quite a large revenue is derived from this fair and the actual expenditure of the government would not be $830,000 unless they are using their revenue for rebates on space that is not occupied. I should like an explanation. I have attended some of these fairs and I think they are one of the greatest advertising mediums that it is possible for Canada to have. People come here not only to advertise their own goods but, in the case of the bulk of them, they come to Canada to buy

Canadian goods. I was wondering what would be the net cost to the Dominion of Canada of this exhibition which is held annually.

Mr. Howe: The net costs have been coming down. In 1952 total expenditure was $709,000, total revenue was $498,000, and the net out of pocket cost was $211,000. For the 1953 fair we expect to bring the net cost down under $200,000.

Mr. Murray (Cariboo): I should like to ask the minister if it would not be wise to invite Canadian bankers to attend the fair in order to offer some system of assistance to new industries, especially from Great Britain, to come to Canada and particularly to British Columbia, and establish plants there. These are very valuable exhibitions, but I think there is a missing link. There is need for Canadian financiers to attend these exhibitions and show these people where great advantage can be obtained from establishing their industries right in Canada.

Mr. Howe: I am happy to say that the banks thought of that before my hon. friend. The bankers are very regular attendants at the fair. If my hon. friend will attend the opening luncheon he will find a row of bankers as imposing as any that can be gathered together in the country. I am sure the bankers appreciate fully the value of what my hon. friend has just pointed out.

Mr. Dinsdale: With respect to items 432 and 433, in the details on page 492 I see something that interests me. There is an amount of $67,000 for participation in other exhibitions in Canada, the United States and abroad. I think the minister will be aware that we had a Manitoba trade fair in Manitoba last year; and this year, in conjunction with our provincial exhibition in the city of Brandon, we are holding a western Canada trade fair in the first week of July. It includes all four western provinces. Is any assistance given to that fair under the item I have just indicated?

Mr. Howe: I understand that the Department of Agriculture makes a grant for the Brandon fair, but the Department of Trade and Commerce does not. We hardly think it is designed to promote international trade.

Mr. Fleming: I should like to say a word about the Canadian international trade fair. I think it is only a matter of about three or four years ago that the minister was expressing some doubt as to the future of the fair and whether it should be carried on. I take it that all doubts and fears in that connection have been completely removed by the experience of the intervening years, because unquestionably this has been a highly successful fair and has been well operated. Some able officials from the department have been in charge of it, and I trust that it is now fully established as an annual fair.

Mr. Howe: The first fair was very successful. In fact I think we can say they have all been successful, but after the first fair there was a dropping off of Canadian exhibitors to an extent that in the third year we were in the position of running the fair almost exclusively for foreign exhibitors, which I did not like. A drive was put on last year for more Canadian exhibits, with the result that the exhibits were about 50 per cent foreign and 50 per cent domestic. The 1953 fair will be by far the largest we have ever held, much larger than the first fair, and again the proportion will be about fifty-fifty between foreign exhibitors and domestic exhibitors. This year our effort has been to attract foreign buyers. We have advertised extensively in the United States and abroad inviting buyers to attend. We have more exhibits this year than we can comfortably handle in the space available to us.

Mr. Catherwood: Is any record kept as to the actual dollar value of sales negotiated at the trade fair?

Mr. Howe: No. Businessmen will not give that information. We get a report compiled by our commodity officers who travel from booth to booth and make their own estimate, but generally speaking the businessman does not like his competitors to know just how much business he has on his books as a result of the fair.

Mr. Higgins: Is there not an estimated return in proportion to the outlay? Is there any kind of estimate at all?

Mr. Howe: It is wholly intangible.

Item agreed to.

Standards branch—

436. Weights and measures inspection services, $726,231.

Mr. Herridge: I understand that there is a fee charged for testing scales and things of that sort. Can the minister tell the committee what revenue is received from such charges?

Mr. Howe: I might say that all these branches are money makers. Against an estimated expenditure in 1952-53 of $16,843,298 voted to the Department of Trade and Commerce in the estimates we had a revenue of $7,882,590, so the net cost of the department to the country was $8,960,708.

Mr. Herridge: That is most interesting.

Mr. Howe: We are careful people.

Item agreed to.

Board of grain commissioners—

440. Administration, $208,577.

Mr. Wright: With regard to item 440, board of grain commissioners, it is customary for the board each year to issue an annual report in the month of January and for it to be tabled in the house here by the minister. This year they have not issued that report or, if they have given it to the minister, it has not been printed and distributed. I would like to get some information from the minister with regard to it.

While I am speaking on this matter I would like to point out to the minister that the present board of grain commissioners is short one member. Mr. Milner, who was the third member on the board, has been acting as transport controller for almost two years. This is an important body as far as western producers of grain are concerned and I know they are anxious for the board to have its full membership. I do not know whether it is because the board is short a member that its annual report has not been issued, or whether there are some other reasons.

There is another matter which I should like to raise and the minister can deal with it when he is speaking. I refer to a finding of the board of grain commissioners which was made this year with regard to what is known as the Kreutzweiser case. Under the Canada Grain Act, in the province of Saskatchewan it was always understood by the producers that when grain was offered for sale at an elevator, if the grain was in good condition and the elevator had room for that grain, it was compulsory for the elevator company to purchase the grain. If there was disagreement between the seller and the buyer with regard to the grain, an interim cash ticket would be issued to the seller of the grain and a sample would be taken and sent to the inspection department at Winnipeg. When a final grade was established by the grading department there, an adjustment would be made to the grower on the basis of the interim cash ticket which had been issued to him.

The finding of the board of grain commissioners with regard to this case was that it was not compulsory on the part of the elevator company to issue the interim cash ticket and, unless there is an agreement between the seller and the buyer, it is not compulsory for the elevator company to purchase the grain. That is something which has alarmed a fairly large number of farmers in western Canada. They feel that the interpretation of the Canada Grain Act by the board of grain commissioners in this case takes away certain rights which they as growers in western Canada thought they had under the act. I would like the minister to say something with regard to this matter.

At a meeting of the agriculture committee last year the minister said that if the growers in western Canada believed there were certain changes which should be made in the act, an opportunity would be given at this session of parliament for them to present their case before the agriculture committee. The committee has not been called and it looks now, at this stage of the session, as though it would be pretty well impossible to call the committee to deal with those matters. I think some explanation is due the producers as to just why these matters have not been referred to the agriculture committee and as to what the government's intention is with regard to the board of grain commissioners and the appointment of another commissioner to bring the board to full strength.

Mr. Howe: Mr. Chairman, I should say at once that the fact that copies of the report of the board of grain commissioners are not available to the house is no fault of that board. That report was forwarded to Ottawa and delivered to the queen's printer prior to March 1. We have been pressing for it ever since, and we are now told that we may get it next Monday. It is only one of several reports that have been held up; one which has been before the queen's printer for a long time was tabled here today in manuscript form. As my hon. friend knows, we are building a new print shop which we hope will be more adequate; but there is nothing a department can do about a report that is delayed by the queen's printer. Apparently the queen's printer is an independent soul.

As far as the board of grain commissioners is concerned, we have three able grain commissioners who comprise the full quota of the board. One of them has been doing extra duty as transport controller, but we hope he can be relieved of these duties this autumn if the pressure which requires a transport controller is relieved. The work of the board is not suffering because that member spends part of his time with the board and part as transport controller.

In connection with the Kreutzweiser case, that is a judicial ruling of the board and I do not know that I want to open it up. I think my hon. friend can see the practical difficulties for an elevator operating close to capacity, with every bin in use, taking in a car of wheat which the elevator operator says is No. 3 northern but which the owner claims is No. 2 northern. The operator must put it in a bin with either one grade or the other. Which bin is he going to choose? He cannot take it in unless he has a special bin to hold

it until the grade is officially determined and he can put it in the proper bin.

I do not know what my hon. friend wants to gain by calling the agriculture committee and discussing that particular case. If the man is not satisfied let him go to the courts. The ruling has been given by the proper authority, but there is always an appeal to the courts.

Mr. Wright: The ruling at least changes the interpretation which the producers had of certain sections of the Canada Grain Act. If the interpretation of the section is to be that which the board of grain commissioners has given in this case I for one feel that the Canada Grain Act should be amended to give the producers the protection which until this ruling was made they believed they had under the act.

Mr. Argue: On that point, Mr. Chairman, I wonder if the minister or any officials in the department or the law officers of the crown have given any study to the board's ruling in regard to that section of the Canada Grain Act, section 112. I think the ruling in effect removes the section from the act. I do not know how this man would refer it to the courts, and he might have to go to a lot of expense.

If the minister will think of the experience farmers have had in the past under this section of the Canada Grain Act I believe he will agree that it has been a valuable section. In the past if a farmer went into an elevator with a load of grain and there was a dispute over the grade, the elevator man said he could take it only subject to grade in dock as provided by the Canada Grain Act. A special receptacle was provided, a sample of the grain was placed in it and sent to the chief inspector. When the grade came back the elevator man issued a cash ticket and the grain was sold.

It is certainly not going to help the marketing of grain if an elevator agent can turn away a farmer because there is a dispute over the grade. Most farmers dispute over the grade with the elevator agent every fall. Every farmer wants one grade over that which is offered, and the act has been a protection not only to the growers but to the elevator companies. They really get a referee to decide the grade through provisions in the act for sending it to the chief inspector; but if I read the ruling correctly it removes all the protection which the producers had in that regard.

I think the minister should give some consideration to the ruling, and to the way the act has operated in the past. Let us not decide whether Mr. Kreutzweiser was right or the board of grain commissioners' ruling was right. Let us try to decide in what position the producer is placed right now. Let us try to decide whether it is the same position that prevailed in the past, and whether he can sell his grain subject to provisions of grade and dockage.

Mr. Howe: I am told that the particular elevator to which he took his grain did not have an empty bin. There were other elevators in the area that did have empty bins, and he was told to take his grain where he could get a specific bin until the grade and dockage were taken. You can pass any law, but if an elevator is completely full of grain and a bin cannot be allotted then the elevator company cannot comply with the law. This is a case where they could not take any of this grain without knowing which particular bin it should go into, because all they had was partially filled bins.

Mr. Argue: In a case like that I do not think the elevator agent, if I read the act correctly, is required to take the grain.

Mr. Howe: The courts decided against you, so let us let it go.

Mr. Argue: Who decided?

Mr. Howe: The court of jurisdiction, which is the board of grain commissioners.

Mr. Argue: Two of them were the court. At any rate, here is one line of the ruling:

> The provisions of section 112 requiring a sample to be taken and placed in the receptacle only apply, in the opinion of this board, if an agreement had been arrived at between the operator or manager and the person offering the grain for sale that the grain be purchased.

If in every case you have first of all to get the elevator agent to agree to buy your grain before he will use that receptacle, then there is no protection for the farmer because it takes two parties to make any agreement. From reading the act I would say that it should be sufficient the way it stands now; but in view of this ruling I think the department should give some further study to the situation to see if the act itself cannot be clarified in the light of the ruling that has been made by the board of grain commissioners.

Item agreed to.

441. Operation and maintenance expenses, $3,292,600.

Mr. Fleming: I wonder if the minister would throw some light on several items appearing in the details at page 503. This item, Mr. Chairman, concerns operation and maintenance expenses of the board of grain commissioners which this year have increased from $2,868,720 to $3,292,000, an increase of about $424,000, which is practically the entire increase in the estimates of this department

this year. By reference to page 503 one sees that practically all the increase is in salaries and wages.

Half-way down that page one sees a reference to casuals and others, an increase from $95,000 to $336,000. Two items further down there is an item for overtime which has increased from $96,000 to $355,000. Then three items farther down, in travelling and removal expenses, there is an increase from $67,000 to $110,000. I wonder if the minister would give an explanation as to how these casuals are taken into the employ of the department, and why so much of this money is going for overtime rather than in the usual way.

Mr. Howe: This is for the weighing and inspection service which has charge of the grain from the time it is delivered to the country elevator until it is delivered to the ship. The increased cost is due entirely to the tremendously increased volume. The elevators have been working night and day. The revenue goes up correspondingly. This is an item where we make a lot of money.

Mr. Fleming: I quite understand the reason for the increase in the total, but I was wondering why so much of it goes to casuals and others and for overtime, rather than to staff in the ordinary way.

Mr. Howe: We try to maintain a normal staff for normal conditions. It is when you get conditions of great congestion that this comes about. For instance, a year ago we had a tremendous amount of off-grade grain which required extra work and extra supervision. The permanent staff is under the civil service, as my hon. friend will appreciate, and instead of inflating the numbers under the civil service, where it is easy to build up but not so easy to tear down, we try to keep a basic staff of permanents and hire casual labour to meet abnormal situations.

Mr. Fleming: The minister did not mention the third item, the substantial increase in travelling and removal expenses.

Mr. Howe: We opened an elevator at Prince Rupert which had been closed for some years. This meant travelling and living away from home. There were several other situations of that kind which called for extra travelling. It was just because of the unusual and tremendous volume of work piled on a staff that had not been built up for that kind of effort.

Mr. Fair: I wonder if the minister has any further word on the strike at Vancouver?

Mr. Howe: I have been in touch with it almost every hour or so. It seems to me to be ripe for settlement, but we are having a little difficulty at both ends of the settlement. However, I am very hopeful that reason will prevail on both sides. I may say that we owe a great deal to the transport controller, who is the man who really got to grips with the thing and was able to get in touch with the men as well as the employers. I think he has made quite an effort in getting concessions from both sides, and I hope he will be able to finish the job.

Mr. Green: May I ask the minister if this might not be the appropriate time to bring the representatives to Ottawa and close it out?

Mr. Howe: No, that would be the worst thing to do. They are all in Vancouver.

Mr. Green: It worked in the other case.

Item agreed to.

Canadian government elevators—

442. Operation and maintenance expenses, $1,345,467.

Mr. Fleming: I should like to ask a question on one item in the details on page 505, about the tenth line, repairs and upkeep of buildings and works. There is a substantial increase there from $257,950 to $335,000, which I take to be abnormal. What accounts for that this year?

Mr. Howe: It is the tremendous extra load on the elevators. It is the wear and tear on buckets and belts. The wear and tear on an elevator is just about in proportion to the amount of grain that is put through. If you put through twice the amount of grain, there is twice the wear and tear on the equipment.

Item agreed to.

Special—

443. International economic and technical co-operation branch, including the administration of the Colombo plan and of certain United Nations co-operation plans, $97,758.

Mr. Green: Could the minister explain this item?

Mr. Howe: Yes, that is for the Colombo plan. The money is voted by external affairs, but the administration is in the Department of Trade and Commerce. We arrange all the contracts and take care of the expenses.

Item agreed to.

Mr. Green: May I ask the Minister of Trade and Commerce if he is not taking the research council and atomic energy items tonight?

Mr. Howe: No, not tonight. We thought we would wait until the report is finished.

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

57. Departmental administration, $280,729.

Mr. Fulton: Item 57 is the departmental administration item, Mr. Chairman, and there are quite a number of things which I think one should say, particularly about immigration. I know that the other day in connection with the citizenship act, there were one or two things which the minister suggested we might leave for his estimates.

I think it should be pointed out that, in connection with immigration itself, there has not really been a full-scale discussion of the subject for a number of years. Last year, when we had the revised Immigration Act before the house, the minister took the position that it was merely a revision and consolidation and that it introduced no new policy. Therefore when we got into the details of the act, while I will not say that we were not allowed to discuss policy, I will say that certainly we were discouraged from doing so since, as the minister himself pointed out, the act merely lays down the broad limits within which the government determines policy largely by way of regulation. Then again, the minister's estimates last year were not introduced into the house until even closer to the end of the session than they are on this occasion. Hence there was only a limited discussion of the subject of immigration.

There are, I think, a number of things in connection with immigration which are causing some concern at the present time. This concern is felt in two directions. There are those who are concerned lest there should be an over-generous policy with respect to the admission of immigrants, and there are others who feel that the country is not meeting its full responsibility in the admission of persons from countries which are less fortunate than we are. Then I think there is some considerable concern over the apparently limited usefulness of the assisted passage scheme, particularly with respect to its application to immigrants from the United Kingdom.

There are also certain questions with regard to the position of those who have been admitted to Canada from India, who have been for some time Canadian citizens and who wish to bring their relatives into this country in order to help them on their farms or in their lumber mills which they own in considerable numbers on the Pacific coast. These people want to get their relatives in to help them in those enterprises; yet they find that, although Canadian citizens, they are subject to a quota which prevents them from getting their relatives in. They feel that they are subjected to a great degree of discrimination.

As they pointed out to the minister last year and as, of course, they point out to those of us who come from that province when we are back home, they came here in some cases up to 30 or 40 years ago. Many of them were born here, have been Canadian citizens for all that length of time, yet they cannot bring in their brothers, cousins, or nephews except in extremely limited circumstances and within the over-all limitation of a quota; whereas others who have come to Canada in the last five years, just long enough to acquire Canadian citizenship, have acquired citizenship and are allowed to bring in their relatives as of right.

Those citizens out there feel that prohibition to be a harsh degree of discrimination. I think they have a good case. I must confess that I am unable to find any flaw in it. It seems to me to be a matter where the restrictions should be relaxed on the admission of relatives of those who are Canadian citizens of substance.

These and a number of other problems on which I have not yet touched seem to me to call for a statement by the minister on the policy of this government with respect to immigration. Particularly in the light of the fact, as I said at the beginning, that we have not had a full-scale discussion on immigration for at least two years, I hope the minister will take this occasion this evening to take the committee and the country into his confidence and say what is the policy of the government with respect to immigration and what are their views as to what should be done about immigration in the future.

Hon. W. E. Harris (Minister of Citizenship and Immigration): Mr. Chairman, I think I should follow the policy that I have followed ever since I became minister, namely that of making a general statement at the outset on my estimates. I followed that practice last year so that, in so far as I was concerned, there was a general discussion on immigration; but I agree that we reached the estimates of this department in, I think, the closing six or eight hours of the session. I therefore appreciated at that time the consideration that other members had for the time limit and the fact that they did not go into the matter as fully as they hoped they could on another occasion. At the end of my statement I shall deal with the points raised by my hon. friend, if he would remind me of them at that time.

I should like to discuss first some of the highlights of the immigration program over the past twelve months and to outline also the program which, as far as we are able to foresee, would appear to be in our best interests for this calendar year. May I have

the permission of the committee, which has always been granted on previous occasions, to place on *Hansard* a full statement on immigration for 1952?

The Deputy Chairman: Is it agreed?

Some hon. Members: Agreed.

Mr. Harris: The statement is as follows:

IMMIGRATION TO CANADA, BY RACIAL ORIGIN FROM OVERSEAS AND TOTALS FROM THE UNITED STATES

—	Calendar Year 1951	Calendar Year 1952	Percentages of Increase and Decrease
English	19,109	26,448	
Irish	2,506	4,696	
Scottish	9,201	10,697	
Welsh	554	834	
TOTALS	31,370	42,675	+36
United States	7,732	9,306	+20
North European—			
Belgian	2,638	1,349	
Danish	4,613	2,056	
Dutch	19,130	21,213	
Finnish	4,130	2,293	
French	6,193	4,212	
*German	32,395	28,257	
Icelandic	18	35	
Norwegian	896	1,209	
Swedish	798	503	
Swiss	1,061	1,274	
TOTALS	71,872	62,401	−13
Others—			
Albanian	54	16	
Arabian	52	69	
Armenian	80	71	
Bulgarian	360	109	
Chinese	2,697	2,313	
Czechoslovakian	3,142	949	
East Indian	97	168	
Estonian	4,573	934	
Greek	2,885	1,691	
Hebrew	6,599	5,177	
Iranian	7	10	
Italian	24,351	21,383	
Japanese	3	6	
Jugo-Slavian	4,144	2,176	
Lettish	2,789	1,437	
Lithuanian	1,330	762	
Magyar	4,376	1,435	
Maltese	1,600	692	
Mexican	12	6	
Negro	91	105	
Polish	12,938	5,485	
Portuguese	157	256	
Roumanian	995	388	
Russian	2,273	1,072	
Spanish	671	312	
Syrian	208	209	
Turkish	19	18	
Ukrainian	6,894	2,821	
Others	20	46	
TOTALS	83,417	50,116	−40
GRAND TOTALS	194,391	164,498	−15

* Includes an estimated 2,589 Austrians during 1952.

IMMIGRATION TO CANADA SHOWING SEX, OCCUPATION AND DESTINATION

CALENDAR YEAR 1952

—	From Overseas	From U.S.A.	Totals
SEX—			
Adult Males	62,707	3,376	66,083
Adult Females	49,916	3,527	53,443
Children under 18	42,569	2,403	44,972
TOTALS	155,192	9,306	164,498
OCCUPATION—			
Gainfully Occupied—			
Farming	16,734	237	16,971
Unskilled and Semi-skilled	19,144	442	19,586
Skilled	21,372	662	22,034
Clerical	6,491	409	6,900
Professional	5,673	1,381	7,054
Trading	2,896	506	3,402
Female Domestics	7,494	62	7,556
Others	1,385	141	1,526
TOTALS	81,189	3,840	85,029
Not Gainfully Occupied—			
Dependent Wives	28,637	2,374	31,011
Dependent Children	40,635	2,364	42,999
Others	4,731	728	5,459
TOTALS	74,003	5,466	79,469
DESTINATION—			
Newfoundland	430	73	503
Nova Scotia	2,460	242	2,702
New Brunswick	790	230	1,020
Prince Edward Island	255	51	306
Quebec	33,810	1,508	35,318
Ontario	82,612	3,447	86,059
Manitoba	6,417	218	6,635
Saskatchewan	3,575	300	3,875
Alberta	11,238	1,812	13,050
British Columbia	13,560	1,407	14,967
Yukon and Northwest Territories	45	18	63

The figures for immigration into Canada in 1952 showed several very definite trends and of particular interest, perhaps, will be the substantial increase in the numbers coming here from the United Kingdom. Out of a total of 164,498 new arrivals, 42,675 were British. This represents an increase of 36 per cent in the proportion of British immigrants over the previous year, and in actual numbers an increase of more than 11,000 over 1951.

This increase reflects primarily, perhaps, the increasing interest in Canada overseas but it also reflects the work of our officers in the United Kingdom; and in this connection I must pay tribute to the conscientious way in which they are carrying out their duties. There is scarcely a night during the year that Canadian immigration officials are not holding meetings in the smaller towns and cities of Great Britain, outlining the developments that have taken place in this country and showing films and film strips on life and work in Canada.

I should, however, make reference here to the situation which may face us this year. Transportation of immigrants from the United Kingdom has almost constantly presented a problem. This year, because of the coronation, that problem will be intensified. Hon. members may have noticed an item in the press recently which indicated that, up until the present time, approximately 8,000 Canadians have booked passage to Britain; and that total, of course, is expected to grow. A very considerable number of United States citizens are planning holidays to coincide with the coronation as well.

All these travellers to the United Kingdom have, of course, booked their return passage, which means that westward transportation following the coronation will be very difficult to secure. We are seeking ways in which this

problem may be lessened, but I am not hopeful that any substantial increase in accommodation will be available although we shall continue to seek ways and means to provide for those people who wish to migrate here.

Hon. members, of course, will have noted that the 1952 figures show a decrease from the 194,000 who came to Canada in 1951. I should explain in this connection that there were some unusual circumstances in 1951. It was, first of all, a year in which Canada's absorptive capacity was extremely high. The second factor was that a great deal of shipping became available in the final months of the year, partly due to the fact that the international refugee organization was winding up its activities and still had ships under charter. These things helped to bring us a very heavy intake in the final months. As a matter of fact in October, November and December of 1951 new arrivals came to Canada at an average rate of approximately 21,500 each month. That did not occur in 1952.

Another trend to which I would like to call the attention of hon. members is the way in which the flow of immigrants came to Canada during 1952. And in referring to this I would like to draw attention to two things that are elementary in carrying out an immigration program for a country such as Canada. The first of these is that the best time for workers to arrive is in the spring, summer and early fall. The second is that the integration of any immigrant is speeded if he has his family around him.

It was apparent that 1952 would not offer as many opportunities for immigrants all through the year as did 1951. For instance, the demand for additional workers in heavy construction, in the mines and in the forests was not expected to be as great as in 1951. Our program, therefore, envisaged the movement of as high a proportion of workers as possible during the early months of the year, with priority given to dependents in the final months.

As a result, in the first six months of last year the new arrivals were almost 20,000 in excess of the same six months in the big year of 1951. In the final months of the year, while the number of arrivals was substantial, we find the objective of reunion of families being achieved, with the number of dependents in each of the final three months of the year exceeding the number of those coming here as workers. The figures were 15,616 dependents and 11,944 workers.

We find, too, that the workers were going into immediate employment. For instance, on January 3 of this year we had only a negligible number, all single men, awaiting placement in our reception centres across Canada. The actual figure was 5 in immigration centres and 48 in labour hostels. My recollection is that the corresponding figure for the year before would be something of the order of 3,000. I am quite sure hon. members will agree that this is a desirable situation and will make for speedier integration and more satisfactory settlement.

I have mentioned the substantial increase in the intake of British immigrants. It is a matter of regret that I am unable to report to hon. members the same increase in immigrants from France. As the house will appreciate, France itself is a country of immigration and is not anxious to encourage emigration. However, that proportion of our population representing the Latin races was well represented among our immigrants during 1952 and people of French, Italian and Belgian background totalled almost 27,000 for the year.

Those people from France who are coming here are making a splendid contribution and integrating well into the communities where they settle. For instance, during the past few weeks our officers in the province of Quebec have been holding short courses in Canadian agricultural methods for newcomers. Approximately 50 French-speaking new Canadians have been attending this course at St. Johns, Quebec, and I am happy to state that every one of these 50 is on a farm of his own, that he is making progress, finding Canadian farming a good way of life and seeing here an opportunity for his children to maintain the Canadian tradition of the family farm.

All in all we have been getting an exceedingly fine type of immigrant, with the vast majority coming from those countries whose people have demonstrated in the past that they integrate well into Canadian communities and fit themselves quickly to accept the full responsibility of citizenship.

When we consider immigration I believe most of us think primarily in terms of workers. It is true that workers make up something more than 50 per cent of the intake, but we should not lose sight of the fact that dependents are also represented in substantial numbers. Of last year's arrivals approximately 85,000 were workers; the remainder, more than 79,000 dependent wives, children and parents. As a matter of record, almost one out of every four who came to Canada in 1952 was a child 14 years of age or younger. Again I suggest that this is a healthy characteristic of the Canadian immigration program.

We had in 1952 a 20 per cent increase in the number coming here from the United States. And along with the increased flow of United States citizens coming to Canada

we have had an increase of about 30 per cent in the number of Canadians returning to their homeland. Part of this is undoubtedly due to the flattering publicity Canada is receiving south of the border, publicity of the great development in this country, and of a healthy climate for investment and enterprise.

And now, Mr. Chairman, I would like to take just a very brief look at the future. The government is fully aware that Canada needs more people, that we cannot fulfil our destiny and develop our resources with a population of only a little more than fourteen and a half million. The government is fully aware that natural increase will not alone provide the population we must have. The government is aware also of the fact that the difficult times we had in the 1930's had an effect on the natural increase and the number of Canadians reaching working age is lower than normal at the present time. Accordingly the government will continue its program of immigration to stimulate Canadian growth and Canadian development.

To give effect to this, we are now selecting immigrants on a very wide basis. First priority, of course, is being given in all countries to the movement of close relatives of people already established in Canada. I believe hon. members will agree with this. However, the close relatives are only a percentage of those we are selecting now. For instance, in all countries where we have immigration offices, outside of Asia, we are selecting, in addition to the close relatives, anyone who meets our qualifications and for whom there are opportunities in Canada. There is one exception to the above; that is in the Netherlands, with which country we have an agreement for the selection of immigrants. In those countries where we have no immigration offices we are able to deal only with cases of close relatives and cases of exceptional merit.

The approach will continue to be a realistic one, with the development of our economy the guiding factor. We shall anticipate future developments as closely as we can and gear our immigration program to them, realizing as we do that the next few years will present greater opportunities for the growth of the Canadian nation than ever before, and that under these circumstances there is an obligation on the government to seize the opportunity and make the maximum use of it, not only in the interests of our people but in the interests of peace.

Canada has much to contribute to the peace of the world; and that contribution will be the greater as we grow in numbers, not only by natural increase but by the addition to our population of others who will acquire Canadian ways and add something to our national life, and who are quite prepared to play their part in building and defending their country of the future.

Mr. Gillis: Mr. Chairman, we have listened with interest to the minister's brief report, and I am very sorry we cannot let him go on with the estimates and finish the discussion this evening. However, I am reasonably sure he did not expect that, and we do not want to disappoint him.

This is a subject about which I do not think we have had sufficient discussion. In my opinion the whole future of Canada depends to a great extent upon what our immigration policy may be, and how well we plan it. In my view immigration cannot be discussed intelligently unless other related factors are considered. Immigration, employment and housing are in my opinion interrelated; and a considerable amount of study and planning must take place if our immigration policy is to be realistic and successful.

The Canadian Congress of Labour and the Trades and Labour Congress made representations to the government within the last few months. They had a section in their brief dealing with this particular matter. They are not opposed to immigration, but they believe in planning it and considering all the factors related to it.

One of the fields that must be carefully surveyed by the Department of Citizenship and Immigration and the Department of Labour is the field of employment. Mr. Mosher, president of the C.C.L., speaking only last week in Saint John, New Brunswick, suggested that unemployment could be looked for from some of the signs they are seeing today, such as a growing resistance of employers to increased wages, the general unrest that is beginning to creep in which indicates a levelling off, and so on. With the curtailment of defence spending in the foreseeable future, pockets of unemployment might develop across the country. These are all things which the Department of Immigration should check closely with the Department of Labour.

I know that if you go across the country from the maritimes to British Columbia you will find that in large industrial centres like Montreal, Toronto, Windsor and Vancouver there is growing uneasiness on the part of the industrial worker because of the influx of people from other parts of the world into those particular centres. I think that adds up to a lack of planning. If you have a recession in those areas you will have a

bad unemployment problem. I think the whole matter of immigration should be predicated on developing the country, not just bringing them in and laying them down in the centres where there is employment. If we are going to develop Canada it must be opened up. You cannot continue to concentrate in the centres as we are doing at the present time.

There are many angles to this question of immigration, and I do not intend to tell the minister that I know them all. However, I have done some thinking about these matters because I am interested in the future of Canada and in Canada doing the best possible job in all fields. It is just not possible to discuss the whole question of immigration in fifteen or twenty minutes, or even in a 40-minute speech. I have condensed some of the thoughts I have had on the subject, and I am going to leave them with the minister.

In order to have a reasonable discussion of immigration it is necessary at the outset to clear our minds of two widely held false notions. One is the lump of work theory, that there is only a fixed amount of work to go around. You find the opinion widely held that if we bring in more people there will be just that much less work for everybody.

The other is that population in itself means prosperity, that the more people we bring in the richer everybody will be. Extra people are not just extra stomachs. They can mean extra production, but that does not necessarily mean extra production. An empty stomach is not a customer unless its owner can pay for what he needs to fill it. During the depression years we had hundreds of thousands of people who were just extra stomachs that could produce nothing. We should guard carefully against a repetition of that kind of situation.

We must not forget that from 1940 up to and including the present year we have been living in a false prosperity, in a war economy. If we are successful in arriving at a peace that is sure and certain, if fear of war is removed, we will have to do some serious thinking in the matter of keeping our equilibrium on this continent in an economic peace. By and large the working population of this country and many of the heads of industry who are managing our economy on the outside have grown up in that false economy. If they have to reverse their gears and get back into a peace economy they will require a lot of training, and there may be a lot of dislocation before that is brought about.

These are things that should be kept in mind by the department of immigration. They should see that immigrants coming into this country are not brought into areas where housing is poor or where there is no housing, or into the big industrial sections where employment is fairly tight. These immigrants should have a fairly good idea of what they are coming into when they come to Canada. I think in many cases a rosy picture is painted and when the immigrant is here a short time he becomes rather disappointed that this is not the utopia he thought he was going to.

In my judgment the physical size of this country has almost nothing to do with its capacity to absorb immigrants. Much of our territory is economically worthless or hard to do anything with. Peopling a country is not like packing sardines into a tin; it is a matter of economic, not physical capacity. It is not simply what we can produce but how much it costs us, whether we can sell it, and for how much. It is also a matter of the standard of living. If we are willing to drop our standard of living we can support an enormous population; if we are not, we cannot. I think that was clearly indicated this afternoon and evening in the discussion on the trade and commerce estimates. The Minister of Trade and Commerce is a good salesman who has been all over the globe finding markets. We export a large percentage of what we produce, and I do not think we are prepared to drop our sights or our standards.

The government's immigration policy is based officially on our absorptive capacity. I think in the short statement he made the minister indicated that the thinking of the government is: How many people can we absorb? What we can absorb is anybody's guess. No one can answer that precisely. If he could answer, his answer might be out of date within minutes after it was uttered. It depends on the whole economic situation. A new scientific discovery, a higher or lower United States tariff, fresh import cuts by the sterling areas, and easing of the European dollar shortage; these and a thousand other factors may change our absorptive capacity from day to day.

What the government professes to do is bring in only the kind of labour we are short of, when we are short and where we are short. But that is not always as easy as it looks. The national employment service may report a shortage of such and such a kind of labour today and may even predict that the shortage is likely to last for some time. But by the time the immigrants have been found, selected and shipped in, the shortage may have vanished or may even have turned into a surplus. Sometimes at the right time shipping is short, and at the wrong time it is long. To cap it all, immigration really comes under two government departments—that is what I was pointing out a few minutes ago—labour and citizen-

ship and immigration; and to the extent that there is consultation, co-operation and understanding between the two departments with respect to employment, number of immigrants, class of immigrants and where they should be placed, to the extent that these two departments are working together and co-operating, then to that extent will the government's policy be in line with what the requirements of the country are and in the right spots.

Has post-war immigration caused unemployment? From 1946 to 1951 inclusive we brought in about 625,000 immigrants. Total emigration in the same years was about 207,000. That many left the country. But many of these people entering the country do not come into the labour force at all. Total adult immigrants, less married women, numbered about 331,000, and total adult emigrants, less married women, about 112,000. Therefore net immigration into the labour forces in the whole six years was only about 219,000, and many of these people do not come into the labour market.

In the five years from 1946 to 1950 about 46 per cent of the male immigrants were classified as agricultural or trading. Most of these were probably farmers or small merchants. In 1951, the peak year for post-war immigration, net adult immigrants, less married women, came to about 85,700, and about 28 per cent of the immigrant workers were farming class, trading or professional. In the first six months of 1952 almost 31 per cent were so classified. As our total civilian labour force now runs to about 5,200,000, and our total of wage and salary earners plus unemployed to about 3,900,000, it is evident that immigrant workers form only a very small proportion of the labour supply.

This of course does not dispose of the question. If the cup is already full, a few drops will make it overflow. But until last fall, when unemployment started rising markedly over the year before, there was seldom any suggestion that immigration was responsible for unemployment. In Ontario, which got about half the immigrants for the years 1946 to 1950, unemployment was usually low enough that nobody bothered. Quebec had much heavier unemployment, but got only about 17 per cent of the immigrants. The Atlantic provinces, which had the heaviest unemployment of all, got only 5 per cent of the immigrants. In the fall of 1951 unemployment in Ontario, though still probably much lighter in proportion to total number of workers than in any other region, began to show spectacular increases over the year before. By April, 1952, it was running close to double. In Quebec the increases were less spectacular and came later, but they started from a much higher level. Both provinces also showed big increases in a short time.

All you can deal with are the 1951 and 1952 figures because the figures are not available up to date. I think the figures that I am using show pretty well the trend in employment, and I think they dispose of the arguments that immigration from 1946 to 1951 was responsible for great unemployment. It certainly was not. The figures do not show that, although there is a marked trend in the road to unemployment at the present time.

In the nine months from October, 1951 to June, 1952 the number of immigrants to Ontario was more than 50 per cent higher than in 1950-1951. Immigration to Quebec more than doubled. Immigration to British Columbia rose nearly 80 per cent. At the beginning of July, 1952, unemployment was higher than in July, 1951 in every single region, almost 58 per cent higher in Quebec, almost 43 per cent in British Columbia, almost 38 per cent in Ontario, 21 per cent in the Atlantic region and 15 per cent on the prairies. It does not follow that this was the result of immigration. Only a detailed study of where the immigrants went and into what industries and what job would tell us that.

But it certainly looks on the face of it as if the last quarter of 1951 and the first half of 1952 would have been a good time to ease up on immigration. Instead, the government seems to have done just the opposite. The government might reply that unemployment will soon give way to shortages and then we will need the extra workers in a hurry. But even the *Financial Post* of July 5 said there would probably be more unemployment next winter than in the winter before. It had this to say:

> Demand is not nearly as buoyant as had been expected . . . It seems evident now that the defence program is getting to the point of levelling off, so far as labour demand is concerned. There may be an increasing demand for skilled workers but the over-all picture will remain about the same.

Yet in the first six months of 1952 immigration of unskilled and semi-skilled workers was about 35 per cent higher than in the first six months of the year before, a slightly higher percentage increase than for skilled workers. This needs explaining, to say the least. In a discussion last evening on the matter of education I pointed out that you can go to the employment offices across the country and find large queues of unskilled workers, and at the same time the bulletin boards in the employment offices will show that there is quite a demand for skilled workers, mechanics, toolmakers and so forth.

We have not been placing enough emphasis on the matter of vocational training in this country, and we have been importing unskilled labour when there is an oversupply in the country at the present time.

The immigration figures for skilled and unskilled workers that I have just quoted show very clearly that we are aggravating a situation that is already bad. Our selection of immigrants should be along the lines of the requirements of the country, but in the last year we have imported unskilled labour when we should have been bringing in skilled people to fill vacancies that already exist at the employment offices. We have been carrying on practically no vocational training in the country to train our own people who are in the queues of the unemployed at the present time.

That is why I said it was so important that the Department of Labour and the Department of Citizenship and Immigration should work closely together. I know that the Department of Labour has the information and the trained personnel who can put their fingers on any given situation across the country in the field of employment, with respect to where immigration is needed, what kind of immigrants, etc. I know the Minister of Citizenship and Immigration understands this just as well as I do, but he is a busy man with a big department to handle. He is pestered a lot by members of parliament and others, and it does no harm to check his memory on these things.

The Minister of Labour is here at the present time. I do not want him or the Minister of Citizenship and Immigration to think I am lecturing them, but it does not do any harm once in a while for someone in the house to urge greater co-operation between the departments on matters that are so closely related as employment and immigration.

I am reminded by the hon. member for Eglinton that it is ten o'clock.

Mr. Fleming: Two minutes to ten.

Mr. Gillis: I have a few more things I should like to say. If the committee wants to sit for another ten minutes I can finish.

An hon. Member: Carry on.

Some hon. Members: No.

Mr. Gillis: The will of the majority is that I sit down.

The Deputy Chairman: Has the hon. member leave to proceed?

Some hon. Members: No.

Item stands.

Progress reported.

Supply

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we shall go into supply and continue consideration of the estimates of the Department of Citizenship and Immigration, the Prime Minister's office, health and welfare, and mines and technical surveys.

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

The following items were passed in committee of supply:

DEPARTMENT OF TRADE AND COMMERCE

General administration—

426. Departmental administration, $588,333.

427. Commodities services (including the former wheat and grain division) including contributions as detailed in the estimates, $617,872.

428. Trade commissioner service, $2,522,696.

429. Information branch, $177,218.

430. Economics branch, $156,884.

431. International trade relations branch, including contribution of $6,300 to the international customs tariffs bureau, $140,370.

Exhibitions—

432. Exhibitions generally, $286,503.

433. Canadian international trade fair, including authority to refund, from revenue, deposits received for contracts for space, $330,000.

Standards branch—

434. Administration, including the standards laboratory and administration of the Precious Metals Marking Act, $180,910.

435. Electricity and gas inspection services, $598,391.

436. Weights and measures inspection services, $726,231.

Dominion bureau of statistics—

437. Administration, $180,974.

438. Statistics, including a contribution of $3,000 to the inter-American statistical institute, $4,473,525.

439. Census, including 1951 decennial census, $879,414.

Canada Grain Act—

Board of grain commissioners—

440. Administration, $208,577.

441. Operation and maintenance expenses, $3,292,600.

Canadian government elevators—

442. Operation and maintenance expenses, $1,345,467.

Special—

443. International economic and technical co-operation branch, including the administration of the Colombo plan and of certain United Nations co-operation plans, $97,758.

HOUSE OF COMMONS

Friday, April 24, 1953

The house met at eleven o'clock.

BANKING AND COMMERCE

Sixth report of standing committee on banking and commerce.—Mr. Cleaver.

SCRAP IRON

CORRECTION OF STATEMENT WITH REFERENCE TO EXPORTS TO JAPAN

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, in the course of last night's debate on trade and commerce estimates, as recorded on page 4316 of *Hansard*, the hon. member for Eglinton (Mr. Fleming) asked me if any exports of scrap iron had been made to Japan in recent months. In replying to the hon. member I had in mind our policy covering scrap generated in eastern Canada, where well over 90 per cent of our scrap is collected and used, and I answered "No, none whatever."

I have since consulted our steel division and find that I overlooked the fact that we have a special problem in British Columbia, where the collection of certain types of scrap is in excess of the melting capacity of the local furnaces. The scrap dealers in buying heavy smelting scrap are obliged to take cast iron scrap, railroad car axles and other types, which are not in demand on the Pacific coast.

Cast iron scrap has also been in surplus in eastern Canada and in the United States and, accordingly, we have licensed the export of these types for shipment to Japan.

Since January 1, 1953, these permits have covered 3,650 tons of scrap iron, 325 tons of scrap railroad car axles, and 1,000 tons of small cuttings and shearings.

EXTERNAL AFFAIRS

INQUIRY AS TO WHEREABOUTS OF BISHOP CUTHBERT O'GARA

On the orders of the day:

Mr. W. J. Browne (St. John's West): Mr. Speaker, about ten days ago I asked the acting minister of external affairs if the government had been in touch with the Chinese authorities as to the whereabouts of Bishop Cuthbert O'Gara who was supposed to be coming to Hong Kong, and he replied that inquiries had been made of the British department of foreign affairs and that they were continuing inquiries. The minister indicated that he might have some information in a few days.

Hon. Paul Martin (Acting Secretary of State for External Affairs): Mr. Speaker, the hon. member spoke to me the other day and I told him that I hoped to be able to give him some information the day before yesterday. Yesterday I told him that I hoped to be able to give him information today. I am afraid that I will not be able to give him anything useful until perhaps next Tuesday.

DOUKHOBORS

INQUIRY AS TO REQUEST FOR PROVINCIAL CONFERENCE RE SONS OF FREEDOM

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I should like to direct a question to the Minister of Justice. In view of the rapidly-growing concern of the people of Kootenay West over the developing Sons of Freedom problem and the particular concern of the railroads, and in view of representations from various quarters that a dominion-provincial conference might be of assistance, I should like to ask the minister if he has received a request from the attorney general of British Columbia for a conference to discuss this serious problem.

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, the answer to my hon. friend's question is "No", but perhaps I should not leave it there. The attorney general of British Columbia wired me for an appointment on April 23, and then wired again to say that he could not be here on that date but would be here on April 30. It may be that he plans to raise this matter when he comes.

SUPPLY

The house in committee of supply, Mr. Beaudoin in the chair.

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

A—Department—

57. Departmental administration, $280,729.

Mr. Gillis: Last evening before the house adjourned I had been making some general observations on the question of immigration.

I pointed out what in my opinion was necessary in order to get the kind of immigration into Canada that the country needed and was capable of absorbing. I tried to show the minister that in my judgment immigration, housing and employment are closely related, and that if our immigration policy is to be successful and in the best interests of the country it is necessary for resources and development, labour and immigration to work very closely together in planning immigration so that we will bring in the people we need and can use and so that at the same time there will be housing for them if and when they arrive in the communities to which they are allocated.

I was developing the point that I thought we were wrong in 1952 in that we imported a larger number of unskilled immigrants than could be absorbed. Figures for April, 1953, the latest that I have seen, show that there were 184,000 unemployed in Canada, and I am reasonably sure that if you take a look at the unemployment insurance offices across the country you will see that the great majority of unemployed in Canada today are unskilled workers. At the same time in all unemployment insurance offices throughout the country you will find that there are vacancies for skilled labour. Therefore it is my view that our planning was bad in 1952 in that we brought in people who aggravated the problem already existing in the country of the large number of Canadians who are thrown into the employment stream without vocational or any other kind of training which would enable them to make a contribution.

I know that a figure of 184,000 unemployed is considered normal. In fact there are people who use the argument that it is necessary and normal in a capitalist economy to have about that percentage of unemployed. The late Lord Bennett used to refer to that army of unemployed as a shifting mobile labour reserve that could be moved around where they were needed. I have always looked upon them as a threat outside the factory gates to the employed person so that he would be easier to handle and so that his demands with respect to wages and working conditions would not be so great knowing that people from this shifting mobile labour reserve could be moved in to replace him. So much for the question of employment and immigration.

The second point I should like to make has to do with housing. The government's own experts on the Curtis committee put the shortage of dwellings at the end of 1946 at 648,000. In the six years from 1946 to 1951 inclusive net new family formations were about 513,000 and total housing construction amounted to about 496,000. There were probably 50,000 houses lost by fire, demolition and collapse from old age. Certainly the housing shortage must now be somewhere around 700,000 dwellings. Last year construction lagged behind and we have not caught up with the shortage.

In view of the housing shortage and our inability to catch up on the backlog, I suggest that the department of immigration is justified in these circumstances in slowing up on immigration and taking a look to see whether there is somewhere to house the people we are bringing into the country. In my opinion those who advocate a wide open door and unplanned immigration on the assumption that Canada is a great big country and can absorb all the people whom we can bring in and put them to work on our unlimited resources are unrealistic. I think that one of the first things the minister's department must do when considering immigrants is to make sure there is a place for them to live, and in that connection the department has to work closely with the Department of Resources and Development.

You will get the rugged individualist—and there are many of them in the house—who will say that our forefathers came to this country when it was a primeval forest and they did not hesitate. They built their own homes. Certainly, and at that time that was possible. People coming to this country could get grants of land. They could hew their own homes from the forest and build them. They may have been log cabins but nevertheless they were places in which to live. But the immigrant coming to the industrial sections of Canada today does not know whether he is going to get a job and he does not know where he is going to live. He cannot just step off the train, pick up an axe, knock down a tree and build a log cabin. Circumstances have changed. We are not living in the kind of world that existed when our forefathers came to this country and hewed their homes out of the primeval forest, as a lot of rugged individualists like to remind us today. Those days are gone.

Housing as related to immigration is a very important problem. I know that the minister must receive reports from time to time from the industrial sections of the country with respect to housing. It is a pretty discouraging proposition for an immigrant to come here with his family and find himself in a city like Montreal, Toronto or Windsor where, if he can find a suitable

place to live, it will take practically half of his income to pay the rent. Rents are completely out of line in all industrial areas today. In my opinion the whole immigration and housing policy needs re-examination.

There may be humanitarian reasons for bringing people here for whom we cannot provide jobs or decent housing. There may be reasons of international politics such as relieving the appalling pressure of population in Italy. Immigration may be part of our contribution with respect to economic aid to our NATO partners. It may be part of our contribution to world peace. But taking the picture in 1951 and 1952 it looks to me that wholesale immigration without careful planning cannot be absorbed by Canada under the present circumstances.

I also showed by statistics last night that a large percentage of our immigrants in 1951 and 1952 were listed as traders and professionals. We need doctors in every section of the country. I think every effort should be made where possible to supplement our medical set-up in all centres across Canada. We need doctors and there should be no restriction there except as to qualifications. We certainly need dentists. Let anyone try to get a dental appointment in this city or most other cities across Canada. We need dentists badly, and the only restriction should be as to qualifications. But on the other hand our immigration policy should be carefully designed to bring into the country people who are going to contribute to the gross national product. I do not think we need very many more hot dog stand operators and so on.

If you will examine the situation in most cities across the country I think you will find that you have sufficient service organizations in each of them to take care of perhaps twice their populations. I took a look at our own city of Sydney at one time in that light and I figured that we had a service organization that could have taken care of a city of 100,000 while Sydney had around 30,000 at that time. If the minister's department is gathering statistics of that kind he will find what I have said is true. In that field people who merely come into a city and set up a service organization contribute nothing to the gross national product and do not make very much of a contribution to the country. We need producers.

It is all right to say that we need an internal consuming market—and we do; but everyone who comes into the country and produces nothing takes something out of the pool of wealth which there is in the country and reduces the share of everyone else to that extent.

In view of those factors which I have placed on the record at this time, after carefully thinking about them, I believe that the minister will have to agree that what we need in this country is a planned immigration policy. We need an interdepartmental committee at least working between the departments of resources and development, labour, and immigration. It should be an internal committee that would sit down and plan the needs of the country with respect to skills required to make contributions and to bring in immigrants with that thought in mind. Then there is the matter of planning for housing. If we are going to allocate these people to certain areas in order that they may do certain things to contribute to the national economy they must have places to live. Housing is one of the first essentials, in my opinion, for people who are going to make their best contributions. In the final analysis all that most of us will ever get out of life is a decent place to live. It is a nice thing, and not too much to expect after you have struggled with the world for eight, ten or twelve hours outside, to be able to go home to the sanctuary of a place that you can call home—where you can rest and repair your shattered nerves in readiness for the struggle next day. As I say, I think that one of the most essential things in life is a place you can live in and call home.

I think that the only disagreement I have with the general policy is that it is not planned. If our figures for 1951 on employment, housing and the classification of immigrants are examined they definitely point out the need for interdepartmental planning on the part of the government in order to ensure that in the field of immigration the best contribution is going to be made not only with respect to populating our country but with respect to pushing our frontiers forward and building up our pool of wealth so that there will be more for all to share in the future.

Mr. Fulton: Mr. Chairman, there are a few remarks which I should like to make this morning and I have some suggestions in connection with immigration as well as other subjects. Before commencing my remarks I wonder, just so that we may clarify the procedure to be followed in the discussion, if I could ask the minister whether he cares at this time to make a statement on the other two branches of his department, that is citizenship and Indian affairs, in order that all of his general statement may be before us as we come to

conclude the general discussion on this particular item. On the other hand, perhaps he would prefer to follow the course of making his statements on the other two branches when we reach those items—in which case, of course, we would probably expect to have further discussion firstly on citizenship and then on Indian affairs.

Mr. Harris: Mr. Chairman, one of my officials must attend a conference this afternoon and I would prefer to deal with immigration first, complete it, and then go on with the others.

Mr. Fulton: I see. In that case, Mr. Chairman, probably a general discussion at this stage will be fairly well confined to immigration, although I hope the minister will not tie us down too closely because I have a suggestion to make at the outset with respect to the name of the department. Now it is called the Department of Citizenship and Immigration yet it deals with Indian affairs. If the Indians of Canada were citizens in all respects—full citizens—then there would be no point to the suggestion which I am about to make. But, since there are certain respects in which they are not in exactly the same position as those who are Canadian citizens, and since it is an effort of government policy subscribed to and supported by this house and the country as a whole to bring Indians to the point where they may be citizens without differentiation, I think that the name of the department should be extended to include the word "Indian". That would indicate to the country as a whole, and particularly to the Indian population, the importance which is attached to the work of looking after Indians in Canada. It might be a bulky or rather lengthy name but I do not think it would be too long, in view of its importance, to call it the Department of Citizenship, Immigration and Indian Affairs. I hope the minister will cause the necessary amendment to be made to the statute setting up his department to give reflection to the concern which I know the department and he, as well as others of us, do feel about the importance of this subject.

Last night the minister made a general statement on immigration which was a review of previous performance and then it purported to be a statement of policy for the future. The minister in introducing the second part of his remarks said at page 4328 of *Hansard:*

> And now, Mr. Chairman, I would like to take just a very brief look at the future.
>
> [Mr. Fulton.]

We hoped that we would get a very definite and positive statement of government policy, but I feel that most of us who hoped that will be disappointed in that the minister's statement, while a statement of broad general principles, was not what we had hoped to have in the way of a statement of policy. There is in it no indication of specific objectives or of specific limits of the broad general principles which are going to be applied by the government in giving effect to those principles. In view of the importance of the subject I do think that we are entitled to know just what the concrete, positive program of the government is with respect to immigration into Canada in the next few years. To what countries are we to look for the major sources of inflow of population? What limits of numbers or what objectives with respect to total immigration has the government in mind or what is it seeking to achieve in bringing people into Canada? About the only indication that we have, and it is pretty general and vague, is contained in these words on page 4328 of *Hansard:*

> —the government will continue its program of immigration to stimulate Canadian growth and Canadian development.

We are still left with the question, quite unanswered, of exactly what that means in terms of numbers of people coming into Canada, and arrangements for their reception, their employment and their housing—all matters which, as the member for Cape Breton South has pointed out, go hand in hand with immigration policy. We are left without any information on those specific subjects and I must say, Mr. Chairman, that although the minister refers to a program of immigration to stimulate Canadian growth and development, and says that such is the government's policy, my impression is rather to the contrary. My impression is that the government is certainly not doing very much to stimulate immigration in the sense that it will contribute to the growth of Canada, but rather the government is following an extremely cautious policy. I have the feeling, anyway, that there is some slight pressure on the brake pedal, and that rather than stimulating the growth and development of Canada we are hardly keeping pace—if we are in fact keeping pace it is only just keeping pace—with the demand which, as the minister said, the nature and future of Canada makes for an increase in population. In particular, we are hardly keeping pace with the demand for farm workers. I think anyone coming from an agricultural constituency will agree that there is a considerable shortage of farm workers, and that the

government's immigration policy does not seem to be in tune with the necessities in that regard.

It seems to me that if we look at the succeeding paragraphs of the minister's statements, they bear out the contention that the government is not stimulating anything in this connection, but is applying a slight pressure on the brake pedal rather than on the accelerator. In order that we may intelligently and fully discuss this subject of immigration, I say again that we should know the government's objectives, and not just in the broad general terms which the minister used in his statement. At that time he said something to the effect that Canada could benefit by an increase in population, both with respect to the development of our own resources and to ensure world peace. I do not think those objectives are quite sufficient to enable us to discuss immigration policy intelligently. There are, of course, certain general statements of principles with respect to immigration with which I think everyone would agree, and that is about as far as the minister has gone.

Everyone realizes that an immigration policy must be realistic, and it must be in tune with the country's capacity to absorb extra people. In this respect I think that the words "capacity to absorb" must be understood in the sense of providing them with employment and accommodation. I believe this phrase is intended to convey the impression of absorbing them in the physical sense as well as absorbing them in the cultural or moral sense. We must not bring in people more quickly than the national structure of Canada, in terms of national culture and national development, will absorb, because this is Canada. We want to develop it, not to change it. These limitations, that we must not bring in people faster than we can absorb them in either the physical or the cultural sense, are I think agreed upon by everyone in the house. I think it is agreed by everyone also that Canada's capacity to absorb in both senses is enormous. What we want to discuss then is the practical application of a policy of immigration which would apply these general principles which the minister has laid down and with which we all agree. But we have not very much yet in the way of statements from the government as to their policy which would enable us to have a factual discussion of these estimates.

I hope that in the course of the discussion, perhaps when he replies to the general remarks which will be made, the minister will give us something more definite in terms of the government's objectives as to the numbers being brought in here and the ways in which arrangements will be made for those who come here to be received, housed and provided with employment. I am speaking of arrangements along the lines suggested by the member for Cape Breton South for integrating the policy of the minister's department with that of the Minister of Labour and the Minister of Resources and Development, so that full employment and housing can be carefully integrated with immigration programs. I think we would be interested also to know what sort of machinery there is for integrating the immigration program with the policies of such other departments as mines and technical surveys, and to some extent trade and commerce, in so far as those departments have the over-all responsibility for Canada's physical development and Canada's prosperity in terms of production and trade. It seems to me that all these things must be carefully co-ordinated with the immigration program.

As I have said, Mr. Chairman, there are these difficulties in the way of discussing immigration policy, difficulties arising out of the lack of any definite statement of objectives. There are, however, certain suggestions which could be made to the minister, and certain indications of positive shortcomings which I believe are presently observable in the government's policy. I believe that in Canada we must strive consciously to develop a home market for our production so that we will not be dependent as we have been in the past on foreign markets, and we will not be as vulnerable as we have been in the past to world-wide depressions. No one will suggest we can completely insulate ourselves from conditions in the world around us, but I do suggest Canada could put herself in a position where she would be a great deal less vulnerable to depressions outside our borders, over which we have no control, than she is at the present time as a result of her great dependence on foreign markets. It is a conscious effort which I say we should be making to give ourselves a more balanced economy. This calls, I believe, for an integrated program of industrial development and of our transportation resources, both railway and highway, as the population developed, all of which would use more people in production.

At the same time as these things increased the number of people gainfully employed and increased production, they would also provide a greater consuming market here at home because of these extra people gainfully employed. There would be an increased consumption, particularly of agricultural and

industrial products, which would be turned out as a result of the expansion which we all foresee. I should like to see more signs of a positive plan of that sort being followed by the government. At the moment I agree with those who say that there are not yet evidences that such a conscious plan is being followed. Consequently, I think that there is a weakness in our immigration policy in that we are missing the boat with respect to large numbers of desirable immigrants who would like to come to Canada and who, in fact, are going elsewhere. We are thus allowing large numbers of potentially first-class citizens to pass us by.

The minister outlined the difficulties with respect to a country such as France, which he said was a country receiving immigrants rather than a source of emigrants, yet I believe there could be more positive action taken to encourage immigration from France, as well as other countries. I want to make it clear that I am not suggesting any undue emphasis should be placed upon immigration from any one country. We should, I think, accept and encourage immigration from any country whose citizens are capable of being absorbed into the culture which we now have in Canada. I believe that, subject to that over-all principle to which we adhere as firmly as any other party, we do allow unnecessary obstacles to continue in the way of immigration from the United Kingdom. The figures which I have before me, and which I want to place on the record at this time and to follow up later in particular discussion with the minister, show that proportionately a larger number of emigrants from the United Kingdom go to Australia and New Zealand rather than to Canada.

The minister last night placed on the record figures showing an increase in the proportionate numbers of the immigrants coming to Canada and originating in the United Kingdom. That is true, Mr. Chairman, but it is also true to say, according to my information, that that does not represent an actual increase in immigrants from the point of view of heads of families. My information is that the increase in the proportion coming from the United Kingdom was largely owing to the fact that wives and children of those who had already come to Canada came out in quite large numbers last year to join their husbands and that it did not represent an initial or new inflow of immigrants in the sense of new potential heads of families in Canada but was rather the result of the reunion of families, those wives and children having been left in Britain coming out to join their husbands and fathers who had already come out in previous years.

I believe that there are methods ready to hand which could be evolved and which would go a long way in removing the obstacles which, as I have said, are unnecessarily allowed to stand in the way of immigration to Canada from the United Kingdom. One of these—and I think the most important one—would be for this government to conclude an agreement with the British government, as Australia has done, under the British settlement act which provides for assistance by the British government for their people to emigrate to other commonwealth countries. I cannot understand why more efforts have not been made to conclude an agreement along those lines. The fact is, Mr. Chairman, that according to my information the assisted passage loan scheme is not all the help it might be to immigrants coming here from the United Kingdom. It might be much more helpful if an agreement under their commonwealth settlement act could be made in this country. There is, so far as I know, no obstacle in the way of concluding such an agreement. It has been concluded with other commonwealth countries and I am at a loss to understand why it has not been concluded between Canada and the United Kingdom.

Then in the third place there are, I believe, certain aspects of our policy which bring us dangerously near to the possibility of criticism on the ground of discrimination. Here I want to make it clear that I am not advocating any open-door policy, particularly with respect to immigration from eastern countries. I have said previously this morning and I repeat now that we must preserve the ethnic balance of our nation. We want to take our country as we have it now and we want to develop it; we do not want to change it. Hence in our immigration policy we must be careful to preserve that ethnic balance. That fact in itself, it seems to me, dispels any idea of the open-door policy. I want to make it quite clear that I subscribe to that view. But what I am thinking of here is particularly the position of Canadian citizens of East Indian origin. Incidentally, I mentioned this problem last night and the minister said he would reply in his remarks. I take it that he overlooked doing so, and I hope he will deal with the matter a little bit later on.

It must be pointed out that these people are British subjects and have always been British subjects as well as being at the present time, in the great majority of cases, Canadian citizens. These men who have

been Canadian citizens for many years—some of them, as I pointed out last night, were born Canadians—are yet under a definite disability in comparison with others when it comes to the question of bringing in their relations. There is an extremely strict limitation, a strict quota, of only 250 a year now applied to the admission of relatives of Canadian citizens of East Indian origin.

The result of that policy is that these men who have been here for many years, who are first-class citizens making a real contribution to the development of our country, running large and prosperous farms, large and prosperous lumber mills—I am speaking particularly of conditions in British Columbia—and providing employment to their own families and such relatives as they have in the country as well as to other Canadians, are yet unable to bring in their relatives, a right which is extended within limits of degrees of relationship to all other Canadian citizens. It is extended even to those Canadian citizens who have been here only just long enough to become Canadian citizens namely for the five-year period necessary. They can bring in their relatives provided they can guarantee them employment and provided that their relatives come within the classes of relatives admissible under the regulations. There is no quota applied to them. They can bring them in up to any number, provided they meet those requirements. But in the case of these Canadian citizens of East Indian origin who have been here for many years—in some cases the families have been here for from 30 to 40 years—and have otherwise complied with the regulations, they cannot bring in their relatives because of this extremely limited quota of 250 a year. I believe there is necessity for a review of that situation.

I believe that there could be quite easily worked out a more generous and a broader policy with ample safeguards with respect to the preservation of the ethnic balance in Canada—which would enable us to bring in further valuable citizens and still ensure that there would be no danger of any disproportionate amount of immigration from eastern countries.

Mr. Chairman, these are a few comments on some of the weaknesses which I believe exist in present government policy. They are of a rather general nature but then, as I have pointed out, it is not easy to be specific when the minister himself, with respect to the government's program of immigration, was not at all specific last night.

There are one or two other considerations arising out of his statement which I wish he would clear up for us. Last night the minister told us that 194,000 entered Canada in 1951 and that the figure for 1952 of 164,000 represented a substantial decrease from that peak figure. In reviewing the annual statement of his department I find it stated in two places that there were 211,200 immigrants in the period under review. I was wondering whether the minister—

Mr. Harris: That is the fiscal year. The figures I gave last night were for the calendar year.

Mr. Fulton: The minister points out that this report deals with the fiscal year whereas the statement deals with the calendar year. That would perhaps account for the difference.

There is another matter which I would hope he would clear up. That is with respect to the figures he gave. I am reading now from the text of his statement. I have not it in *Hansard* before me but it is on the third page of his text, at the end of the second complete paragraph on that page, where the minister states:

> In the final months of the year, while the number of arrivals was substantial . . . with the number of dependents in each of the final three months of the year exceeding the number of those coming here as workers. The figures were 15,616 dependents and 11,944 workers.

That makes a total of 26,000. Does that mean 26,000 per month? The minister referred to that number in each of the final three months, and that would be an unusually high figure. In fact it would exceed any monthly total for the year 1951, which we were told was the peak year. Is that 26,000 per month or 26,000 for the final three months?

Mr. Harris: For the final three months.

Mr. Fulton: I do not want to get into a question-and-answer type of discussion at this stage, although I do want to have these particular difficulties cleared up. I would also appreciate a statement when the minister replies as to the effect which they anticipate in the department will be felt with respect to immigration from European countries by the difficulty he mentioned which is going to stand in the way of immigration from the United Kingdom. I refer to the shortage of shipping. The minister pointed out that on account of the numbers going over to the coronation and booking return passages the availability of accommodation for immigrants was expected to be considerably curtailed. Is that expected to stand in the way of or to create difficulties with respect to immigration from continental Europe, or is it to be an obstacle only in the way of immigration from the United Kingdom?

With these remarks and questions, Mr. Chairman, I think I can leave the subject for the time being, just emphasizing, however, before I sit down, what I believe to be generally agreed as a principle to be taken by our immigration policy, and that is that we want to develop Canada, not to change it. We believe that there are enormous opportunities for development, enormous opportunities awaiting the people who will come here. We do believe that the immigration policy should be carefully worked out so as to preserve the ethnic balance which we now have, and which itself will ensure that those coming here have the chance of being absorbed rapidly and easily into our Canadian way of life.

Subject only to that principle, and to the limitations that they must not be brought here in numbers beyond our capacity to absorb, in the physical as well as the cultural sense, this would be I believe a sound policy on immigration today. What the minister said the government intended to do, but which we do not see any signs of their doing, was to work out a program of immigration to stimulate Canadian growth and development rather than merely allowing to exist such immigration as will barely keep pace with the actual physical demands being made by the shortage of population in the country today.

Mr. Shaw: Mr. Chairman, we too listened with considerable interest to the statement made by the minister last night. We must confess that we have to agree with the hon. member for Kamloops when he indicated that probably the statement was too vague and too indefinite. It was a broad statement, which was intended as a general statement, but we do feel that possibly the minister could have been more specific with respect to certain aspects of immigration also, and more specific with respect to plans for the future.

Mr. Low: Especially during the seventh and possibly the final session of this parliament.

Mr. Shaw: As my hon. friend says, especially during the seventh and possibly the final session of this parliament. We realize, however, that various statements have been made by the minister or by his departmental officials from time to time. We also realize that a number of publications have been printed to which we have had access, which have given us certain facts. We realize also that during the consideration of these estimates we shall have the opportunity of asking whatever searching questions we may desire to ask, and we trust that all the information which we require will be forthcoming.

My colleagues and I have at all times supported a vigorous immigration policy; while hand in hand indicating that we would support a vigorous immigration policy we have also emphasized the fact that it should be a carefully thought out and well planned immigration policy. We realize fully the vastness of this great nation; the fact that it is underpopulated. We realize that its future strength and development will depend in no small measure upon the number of its people and possibly even more particularly upon the character of its people. We realize fully that through our immigration policy we can contribute immeasurably toward the welfare of thousands, tens of thousands and scores of thousands of persons who today find themselves domiciled in countries other than our own, people whose lives have been dislocated as a consequence of developments over which they have had no control.

We realize also that problems have definitely been created in various nations by circumstances over which they have no control, and while our assistance to these nations may take the form of material aid, we realize also that we can be of assistance to them in absorbing certain of their population which might be described as being under the circumstances surplus to their requirements.

We have never advocated nor supported the open-door policy as far as immigration is concerned, Mr. Chairman. But one of the things I feared most immediately after the cessation of hostilities was that in our great sympathy for unfortunate people we would throw our doors wide open and allow people to come in from everywhere, regardless of their backgrounds, regardless of the conditions of health and so forth. But I believe that we have kept our heads during that period, and while we have brought in a lot of people, at the same time I realize that we have maintained certain principles which I think are essential to the welfare of our nation.

I have said on more than one occasion that I desire to see the people who are coming to Canada under our immigration regulations of such a type as to offer some reasonable assurance that they can be fitted into our way of life. We feel that we must be absolutely certain that they have an appreciation of the democratic concept of human organizations. I have reason to believe that a good deal of care has been exercised by our teams of officers on the continent to try to convince themselves that these persons

do appreciate the democratic way of life and are prepared to fit into it, accept it and support it when they come to this country. I commend the departmental officials for their attempts to see to it that those who come to our country enjoy a reasonably good standard of health.

However, I am going to be just a bit critical in this respect. In our desire to secure those who are of A-1 health, as we say, probably we have been a bit unfair to some. In the field of communicable diseases we often have to be severe, as we say, although I have reason to believe that in instances, for example, where scar tissue resulting from an attack of pleurisy shows up in an X-ray, maybe as a precautionary measure we have not permitted those persons to come in. What can be done I am not certain, but it does occur to me on the basis of the cases which have come to my attention that we have been a bit unfair to certain persons; we have been unfair to persons who may have been suffering from war wounds and from the scars of war.

I suggest that possibly there should be a re-examination of this aspect. I do now want to be misunderstood. I think we must clamp down tightly, as we have done, on communicable diseases, but I think some of these cases should be re-examined.

I realize fully that immigration is a federal responsibility, at least inasmuch as it applies to non-British persons. I have always felt that there should be a continuing measure of consultation between the federal immigration department and the provinces. Let us not forget that once these immigrants enter Canada the question of where they settle is not a matter over which the province has jurisdiction. We find in many instances that they will gather in large numbers within a province or even within a small section of a province. As far as schools, hospitals and so on are concerned, at least a temporary burden is created. Possibly we could re-examine that aspect and perhaps something could be done by way of financial assistance to help solve that problem.

In any event the immigration department should not hesitate to consult with and ask for general co-operation from the provinces. I think the provinces are quite reasonable in this respect and I believe this procedure would be for the welfare of our prospective immigrants.

I now want to say a word and in doing so I am speaking personally. When a person contemplates coming to this country I think it should be made clear to him and he should definitely understand that along with the great privileges we are prepared to extend to him there are responsibilities which he must assume. I cannot understand why there should be so many persons who have been here twenty, thirty or forty years without having acquired citizenship. As I say, I am speaking personally when I say this because I have not consulted with members of my group. I do think that it should be known to these people that they will be expected to take steps to acquire citizenship in the country. Perhaps I might be a little too severe in that respect if I were the one who was helping to determine policy, but it is just a suggestion I pass on to the minister. I think if that fact were emphasized we would have more of these people acquiring citizenship after they had been here for the prescribed period of time.

There are one or two other matters I should like to refer to. One is the question of immigrants who are sponsored by farmers. I believe they agree to spend a year on the farm of the sponsor. I have had quite a few complaints from farmers that these immigrants have not lived up to their agreement, whether it is in the form of a written contract or simply verbal. I think further consideration should be given to this matter. I have had quite a bit of correspondence which indicates that some rather unhappy situations have developed. I realize that there must be some method of ascertaining whether the conditions on the farm are such that the immigrant should be expected to remain there and carry out the undertaking they had given.

I think the time has come when consideration should be given to broadening our immigration policy with respect to those who are entitled to sponsor immigrants. Today it is held down to those who are close relatives. I heard of many cases where in my estimation the sponsor possessed all the characteristics which I would like to see in a sponsor and there was no reason to believe that the prospective immigrant would not have made a good Canadian citizen. But because of the restrictions in the act the officials had to refuse the application. I think the time has come when a further examination should be made of this aspect of the whole question because I believe we are doing an injustice to a great many people by carrying out that policy.

I do not want to be too critical because I must confess I do not know all the problems, but it seems to me that in the case of immigrants from the British Isles, and I say this after having come in contact with many cases, too much time is allowed to elapse in

processing the application. I appreciate that there is a problem of transportation involved, but I am not dealing with that at the moment.

I recall the case of two sisters who were sponsored by their uncle. Their applications were submitted in the early fall but were not finalized until away on in the spring. They had to make two cancellations of their passages and as a matter of fact reached the point where they would have to go back to be re-examined medically because of the time that had elapsed from the first medical examination.

Everyone realizes that the men in charge of these matters have been making conscientious efforts to do a good job. I think by and large they have done a mighty good job. But I do feel that too much time is taken up in processing these applications.

There are in the British Isles many persons of limited means who are desirous of coming to Canada and I think we should go beyond this question of assisted passages. Many of these prospective immigrants are told of the great nation called Canada and the wonderful opportunities that will accrue to them if they come over. They are told, "You come over here and, if you are a farmer, contract to work on a farm; you will acquire knowledge as to Canadian farming methods and then you will be able to farm for yourself."

The hon. member for Cape Breton South reminded us that the idea of grabbing an axe and going out and carving a farm out of the bush and then constructing a home is just something that does not happen today. To set yourself up on a farm, even in the most moderate fashion, is a pretty expensive proposition. Some of these immigrants have come to me and said that they were generally happy with this great country, that they recognized it as a wonderful country, but they seemed to think that possibly they had been misled a little. They complained that they found that they could not set themselves up.

I think the hon. member for Cape Breton South had a point when he said that the question of the availability of housing and all these things should become part of our immigration policy. We are doing these people no kindness if we take them out of one situation not to their liking and drop them into another situation which is still not to their liking. All these things should be considered as part of one great problem.

I do not think I agree with what the hon. member for Cape Breton South said with regard to capitalism. In fact I am afraid that I disagree. When the hon. member was discussing unemployment and so on I was reminded of something I had read only a few days ago which came out of Czechoslovakia. In giving the people reasons for not giving them a 40-hour week the government indicated that the 40-hour week applied only to capitalist countries because by working only 40 hours the worker would have plenty of time left to undermine capitalism. They were told that once they had undermined capitalism then the 40-hour week would make no sense; they could then work 24 hours a day for the good of the country. I do not know just why that came into my mind at that time, but perhaps it was as a consequence of the hon. member's reference to capitalism.

I have no desire to detain the committee. We have not too much to complain about as far as our immigration policy is concerned. We think it could be improved in some respects. I suppose these things should be done with caution, but they may have been too cautious in certain respects. Possibly during the consideration of the individual items we will be able to secure further information and give expression to our views in that regard.

Mr. Riley: Mr. Chairman, first of all I should like to congratulate the minister and the officials of his department on the sane and realistic manner in which they have been carrying out government policy on immigration.

Mr. Fulton: What is it? Do you know?

Mr. Riley: I see that the hon. member for Kamloops wants to make another speech. He may continue after I have finished.

Mr. Fulton: I want to listen to yours.

Mr. Riley: I am sure you will enjoy it and you may learn something.

Mr. Fulton: I am always willing.

Mr. Riley: I should like to point out to the minister, however, one or two small problems which have caused some concern in my mind. I came across an incident recently with respect to one of these new probationary Canadians who had come into the country as a domestic and was in the home of a friend of mine where there were a number of children. These new Canadians, particularly the younger ones, have in many instances been indoctrinated in a way of life which is different from and at variance with our own, and although they are anxious to come to this country and fit themselves into our way of life nevertheless there remain in them certain

vestiges of thinking which are not strictly in accordance with the Canadian way of thinking.

In this particular case the young lady employed as a domestic in the home from time to time made comparisons between the head of the state from which she came and our own sovereign. That may be understandable because of the respect that had been built up in her mind for the head of the state from which she came. But what made this appear serious to me was that, having been here only a few months, she was anticipating becoming a teacher in one of our schools as soon as she had a better grasp of our language. This may not be a problem for the minister or his department, but I do think, where there is a possibility of some of these new or probationary Canadians going into the school teaching profession in our country before they have attained a firm grasp of our concept of democracy, that the need for great caution should be emphasized to the school boards, municipalities and provinces which might be acting as hiring agencies.

Another problem is indicated by the table put on the record last evening by the minister showing the destination of new Canadians coming into the country. I note that out of 164,498 immigrants to the country last year only 790 were destined to the province of New Brunswick. I suggest to the minister that through the officials of his department he should try to encourage a more even distribution of new Canadians. We in the province of New Brunswick are not so concerned with the bringing in of labourers as we are with the bringing in of people who will work our land and fit into the different sections of the population where their services can be used without disrupting the general economy of the province. I think this is something on which some effort should be concentrated because we need population of the proper type in the province of New Brunswick. I think that the officials of the minister's department could, without too much effort, encourage some of these immigrants to settle in our part of the country.

When they come to Canada they have the preconceived idea that the only place in which they can make a living for themselves is west of the southeastern boundary of the province of Quebec. That is not correct. I think it could be pointed out to immigrants that those who have settled in the maritime provinces have fitted very well into our general social and economic structure and that with very few exceptions they are making for themselves a very good life in this new land.

I should also like to point out to the minister that we have in the port city of Saint John a new immigration station which has been described and accepted generally not only in this country but all over the continent—and perhaps we can extend that comparison to many of the commonwealth countries which are encouraging immigration at the present time—as second to none on the continent. It is not the largest of course but it is geared to accommodate a large number of immigrants. These immigration facilities are not being put to the best use. All summer they are left virtually unstaffed with probably no more than a dozen or so new Canadians filtering through from other countries. I think that is a shame.

I do not hold the Department of Citizenship and Immigration entirely responsible, but I would point out to the minister that perhaps he or the officials of his department could encourage the shipping companies to bring immigrants into the port of Saint John. I realize that it is generally considered as a winter port. That belief exists but Saint John, like Halifax, is an all year round port and one which should be used as much as possible in bringing new Canadians into the country because it would not only provide extra commerce for the community but would also give immigrants the best of impressions of the new land in which they were arriving.

In connection with the immigration station we have a very competent and courteous customs service. I have often heard most sincere words of praise directed to the customs service in the city of Saint John. The customs facilities that have been established in the new immigration station are such as to provide the most courteous and competent system of handling the baggage not only of immigrants but of all travellers. The same applies to the immigration authorities there. The Red Cross people in the community have become so interested in the new facilities that they have provided a very fine nursery for the little children who are brought in by their parents to become future citizens of the country.

A great deal of voluntary effort on the part of the citizens of Saint John and Lancaster is directed toward making this first impression of new Canadians a warm and a lasting one. In addition there are a number of other organizations such as the Catholic Women's League and different church organizations which are directing a great deal of voluntary effort along these lines and they want to do more. They are very intent upon providing all the comforts which can be made available as well as the warmest welcome which can possibly be conceived for these new citizens.

We have such fine facilities at Saint John that I would even recommend them to stowaways—because the detention quarters are very comfortable and well though firmly supervised. I point out to the house, as I have in the past to the officials of the department, that in Saint John we have the best immigration facilities in the country but they are not being used to good advantage. The Canadian Pacific Railway directs a great number of immigrants through our port during the wintertime but I think that other shipping lines should also take an interest in bringing immigrants to that port. I do not say that we should get all of the immigrants there but as large a number as possible should be directed to that port which has the most modern and best equipped facilities.

Mr. Hees: Mr. Chairman, it seems to me that when a government brings people to its country, it should do everything it can to see that they have some place to live when they arrive. I believe it is pretty obvious that this government is doing just the reverse.

I would like to cite the actual dominion bureau of statistics figures for last year, showing how the situation deteriorated during that twelve months alone. Last year we built 73,000 new houses, but during the year the net new families added to our population were 93,000, so net new families exceeded houses built by 20,000.

The Curtis report, the report of a government-sponsored survey, made a number of years ago, estimated that during every year we have 13,500 houses which need to be replaced because of obsolescence. It is therefore obvious that during 1952 alone we built 33,500 fewer houses than were needed to keep pace with the net new families added, and the houses which should have been replaced owing to obsolescence. Now, Mr. Chairman, that situation has been going on for at least the past 18 years while this government has been in office. Today, by actual statistics, we are short half a million houses in this country.

The Chairman: Order. I hope that the hon. member intends to relate his remarks on housing to the subject of immigration. Otherwise, I cannot allow him to proceed.

Mr. Hees: Mr. Chairman, I intend to do so. As the hon. member for Cape Breton South has said, housing and immigration are today very much allied subjects. I am dealing with the matter briefly, and I am not making a housing speech. I am showing what this government has to do in the way of producing houses in order to consider that it is properly looking after the people who come to this country.

I believe that if the Minister of Citizenship and Immigration had been really on the job, he would have been continually pressing his colleague, the Minister of Resources and Development, to get more houses built for the people who are being brought to the country. The fact is just the reverse. In the three years during which the minister has held his portfolio, the number of houses that were built each year has decreased steadily, and last year we built 20 per cent fewer houses than we built in the first year that he held office.

Immigrants are finding it increasingly difficult to secure places to live. It is harder to find a place to live this year than it was three years ago. We are bringing more and more people to the country but we are building fewer and fewer houses, and I ask, Mr. Chairman, whether that make sense. I think the obvious answer is that it does not.

The increasing competition for the limited number of houses we have in this country is making it exceedingly difficult for the citizens who have lived here for many years, let alone those who are new arrivals. The increasing demand for the decreasing supply of housing is causing people who have lived here for many years, as well as those who are arriving in this country every day, to pay exorbitant rents, and many people simply cannot find a place in which to live.

I see the Minister of Citizenship and Immigration shaking his head.

Mr. Harris: I was just shaking my head over your words "people who have lived here for many years". If you would relate your remarks to immigrants you would be in order.

Mr. Hees: I am talking of people whom this government has brought in as immigrants in the past few years. I think that the Minister of Citizenship and Immigration should be interested in people whom this country brought in as immigrants five years or ten years ago, and those are the people I am talking about. Those people are finding it increasingly difficult to secure accommodation.

As I said to the Minister of Resources and Development the other day, I can take the Minister of Citizenship and Immigration to places in Toronto where people with four or five children are living in one room and paying as much as $60 a month rent—and they are scared to death that they will be asked to move because of the children. If the minister and this government consider those to be the kind of conditions under which good citizens can be produced, then I am afraid I must very strongly disagree with them.

I outlined in the house three days ago, as reported at page 4172 of *Hansard*, what other countries are doing to build houses not only for people who come to their shores but for people who have lived there all their lives. If the government would follow the pattern set by other countries—and it is a very simple pattern—then we could double the house construction which is being carried on at the present time. That would make it possible for the people of this country, and for people whom this government brought to this country a few years ago, to find places to live at a reasonable rent.

I would like now to deal with another matter, Mr. Chairman, which is very closely related to immigration. It deals with a statement made two days ago by Mr. Jean Desy, director of the international service of the C.B.C., whose job it is to tell people all over the world what an attractive place Canada is to live in. He is supposed to be our prime salesman; yet, when speaking to the Richelieu Club in Quebec on Wednesday, and according to a prepared statement given out in advance to the Canadian press and obviously intended to be given very great publicity, Mr. Desy made the following statement, and I quote his words as they appear both in the prepared text and in their exact reproduction by the newspaper *Le Canada* on April 23.

An hon. Member: What paper?

Mr. Hees: *Le Canada.* Mr. Desy said:

> The two principal ethnic groups in Canada have natural, historical and constitutional rights to which new Canadians of other origin have no claim.

I believe, Mr. Chairman, that his statement is calculated to antagonize not only people who have recently come to this country from Europe and other parts of the world, but also those who have lived here for many years. Many of the people to whom Mr. Desy refers as having no natural, historical or constitutional rights have become very distinguished citizens of this country, and are among the best citizens we have.

I think it is a very strange statement indeed to come from a government employee whose job it is to speak to people all over the world telling them what an attractive place Canada is. I believe that by this statement he has said that Canada is a country in which we have two classes of citizens. I do not believe that is the kind of statement that is calculated to make people want to come to Canada.

Mr. Harris: Does the hon. member not know that the English and French languages are guaranteed by the constitution, and that no other languages are?

Mr. Hees: Yes, I do, and so does every other citizen of Canada. I think that that is not the sort of thing that has to be repeated to get people to come to this country. Those of us who live here know that we have our language rights, and that is something we take for granted. I do not think a statement like this—which was intended to be given great publicity, or it would not have been given out as a prepared statement to the Canadian press with the obvious objective of getting nation-wide publicity—is the kind of statement calculated to make people who do not speak either English or French feel very much at home when they come to Canada. I would be very much surprised if the minister thinks so either.

I think it is interesting to remember that a very short time ago the government was quite willing to allow the director of the international service of the C.B.C., Mr. Desy, to spend $25,000 on a half-hour broadcast directed to Brazil.

The Deputy Chairman: I think the hon. member will agree that I have allowed him a good deal of leeway in this debate. I know that he will forgive me if I say that, in my opinion, he did not relate his remarks on housing to the subject of immigration as he assured me he would do. Now the hon. member is attempting to discuss a question which certainly has no connection with immigration, and I must ask him to confine his remarks to this subject.

Mr. Hees: Mr. Chairman, I feel that Mr. Desy and his international service are very much connected with immigration.

Mr. Harris: We do not use it in any form for immigration.

Mr. Hees: Then I should like to know the purpose of these international broadcasts.

Mr. Harris: You ask that of the Department of External Affairs or the C.B.C. when the time comes.

Mr. Hees: All I say is that these broadcasts affect immigration acutely because the people to whom they are beamed listen to them and gain an impression of Canada. In many cases, these people have no other way of knowing anything about Canada. The broadcast to Brazil, about which I am speaking, Mr. Chairman, was, I believe, designed to tell the people in Brazil something about Canada, with the idea of inducing people from Brazil to come to Canada. It seems to me, and this is all I have to say about it, very strange that the government is willing to spend $25,000 on a broadcast to a country 3,000 miles away, when it permits its employee to make a much publicized statement—which was obviously intended to be given great publicity or it would

not have been given out as a prepared statement to the Canadian press—which will obviously antagonize over a million people who live within our borders. I think our immigration would be greatly assisted if this government instructed the director of the international service of the C.B.C. to confine himself to telling people throughout the world what a fine place Canada is, and not to make statements calculated to antagonize not only the people we are bringing to this country this year but those who have come in in the years that have gone by.

Mr. Stewart (Winnipeg North): There are some questions in my mind concerning immigration which the minister may answer later in the debate, and some comments which I have to make on the government's policy. There will be more brickbats than bouquets in my comments, but I would not like to minimize in any way my regard for what is a very hard-working staff. I appreciate the courtesy and attention which I have invariably received from them. It is also fair to say that, so far as the minister is concerned personally, whenever I have brought to his attention any case of obvious injustice or one in which some humanity was expected, the minister always treated me very fairly indeed.

Now, one of the questions in my mind arises out of a statement made by the minister last year in this debate. At page 4263 of *Hansard* for July 4, 1952, the minister said, in discussing policy:

> That policy is to admit to Canada in numbers not exceeding the absorptive capacity of our country and without altering the fundamental character of our people, such persons as are likely to contribute to our national life.

What is the government's view of the absorptive capacity? After all, it is quite conceivable that one could state a figure today for absorptive capacity which would be completely false within a week or a month or longer. If the government is doing any planning at all in immigration, it must have some concept of the absorptive capacity of the country, and I should like to know if any figure has been arrived at. This figure, of course, would have much to do with the policy of the government.

I, like others in this debate, have read with some care the statement the minister made yesterday. While I think the latter part of it would be an excellent speech to give to the Canadian Club, I am not so sure that we in this club appreciate that sort of rhetoric. We would rather have some more facts. The minister says that he would like to take a very brief look at the future. Later he says that we cannot fulfil our destiny and develop our resources with a population of only a little more than 14½ million; that is a truism. He says that the government is fully aware that natural increase will not alone provide the population we must have; that is a truism. He says that the government will continue its program of immigration to stimulate Canadian growth and Canadian development; undoubtedly, it will. But we want to know very precisely what this program is.

The minister goes on by saying that, to give effect to this, we are now selecting immigrants on a very wide basis. The basis is not yet wide enough, because I do not think the government has dropped its colour bars. I am not prepared to accept a policy which still raises the colour bar so far as immigration is concerned. I do not know whether or not this is hinted in that quotation from the minister's statement of last year which I read, concerning the fundamental character of our people. What, after all, is the fundamental character of our people? Do we differ so much from other people? Are we not a nation of saints and sinners, with the great majority of us somewhere in between? Have we not at one time found in our society those who murder as well as those who live in accordance with the concept of justice and mercy? I am not sure that I know what is the fundamental character of any nation. I only hope this is not a euphemism for skin pigmentation.

Another point which I have to mention, and I might as well do it now, concerns what I call very literally these terminological inexactitudes. I do not use that phrase in its usual connotation. I bring to the minister's attention again the erroneous use of the word "racial". I wish we could get away from it because there is neither scientific validity nor sense to it in the way in which it is used. The minister gives us a long table on page 4325 of *Hansard* for April 23, 1953, headed "Immigration to Canada by racial origin from overseas and totals from the United States." Now, I submit that there is no such thing as a Scottish race or an Irish race, or to take two different examples, the Belgian race or the Swiss. Are the Flemings and Walloons of Belgian races? What about the people who live within the cantons of Switzerland? Are you going to say they are of the Swiss race? Ethnically the term is outmoded, and I should like to see it removed.

Further down on the list we see "Hebrews". I do not know whether the connotation here is race or religion. If it is race, there are Hebrews of oriental descent who profess the Hebrew faith; there are those of Negro descent and those of Caucasian descent whose faith is the Hebrew religion. I doubt if Hebrews are a race and therefore surely the word means

nothing at all. If it is used on a religious basis, then it is the only way in which it is used in this whole table. Again, we are given a table of those coming from northern European countries. But again I suggest that this table has merely been copied from previous years and I want to suggest further that it is time that it was changed. I must point out that geographically Esthonia, Latvia and Lithuania are in northern Europe; yet they are included, for some reason which I do not know, amongst the other countries. I wish these details, which are so annoying and which no government publication ought to have, could be changed and changed rapidly.

We have been told—and of course we are usually told by orators in some state of sobriety or another at some after-dinner speech—that this is a country of vast open spaces, and some go as far as to say that we are going to have 150 million people in this country within a few years. Others are much more cautious and conservative. But what I think we have to remember is that much of Canada or much of these vast spaces at the moment seems to be economically worthless and to consist of land on which we can settle no immigrants.

It is a mistake to believe that the physical formation of the country has anything to do with its absorptive capacity. It is conceivable —and this has happened in the past—that under certain economic conditions the absorptive capacity of this country could be nil. If we are going to have planned immigration—and I think the government will agree that they at least indulge in some form of planning although we consider it to be inadequate—then, as the hon. member for Cape Breton South said this morning, it must have some relation to the employment situation in the country.

Where you have a situation such as we have here in Canada now where there is a great capital expansion going on, obviously there is need and there is room for more immigration. But on the other hand, when you realize that we are short for our own people possibly anything between 700,000 and 750,000 homes, one could argue that this is not a time at all in which to encourage immigration. I say to the minister, as others have said, that if the government is going to have a planned policy of immigration, they must pay far more attention to the housing situation as it exists in this country. After all, planning has got to mean something more than merely financial or ethnic considerations.

My criticism here may be unjust, but the minister can answer me. I think there has been a tendency to have immigration to Canada at the wrong time of the year. Too frequently immigrants have been given left-over space on ships coming to this side of the Atlantic. They have had to take the space whenever they could get it, so they have landed here perhaps in the winter or in the early spring. They have landed at a time when seasonal unemployment was rising to its peak, and they have created some animosity, of course, amongst other workers in this country.

The minister has said that the coronation may perhaps affect the number of immigrants coming to Canada. But I would point out that the best time for immigrants to come here is in the late spring and the early summer, a time which will give them a chance to find a job, to find some sort of shelter and to become, at least to some extent, integrated into Canadian life before winter hits us. If there is going to be a great outgoing of North Americans to the other side for the coronation this summer, I assume that many of the ships are coming here empty from Britain to get passengers, and there should be space in them for immigrants to come to Canada.

Some comment has been made about the position of the organized workers towards immigration. Organized labour is not opposed to immigration. But what creates doubts amongst organized labour is the feeling that immigrants are coming into the country and going into the labour market when the unemployment figures are at their very highest. As a matter of fact, I believe those going into industry each year amount to less than one per cent of the total labour force, and normally such a small percentage would not be felt. But when they arrive at the wrong time of the year, when seasonal unemployment is high, opposition arises.

We have spoken of this matter before, and there may have been some change in policy of which I know nothing; but I want to refer again to the necessity for doing something more than merely giving loans to the heads of families who come over here. When an immigrant head of a family comes to Canada with the help of a loan, he has first of all got to face the fact that he has to support two homes, the home he lives in here and the one where his family is. That constitutes an extra and heavy burden on him. Furthermore, he has to repay the loan. He must save to do that. He has to send money so that he can bring his family over. He therefore finds himself in an intolerable economic situation. It would be a much better policy for the government to decide

that the family will be brought over as a unit; the wage earner can then have that much of his overhead decreased and of course have a greater opportunity of repayment.

Criticisms have been made in the past—and now and again I have had reason to complain—about what seems to us to be rather unnecessary delay in the department. I remember a case which I brought to the attention of the department a year or two ago, and in which the officials said that this potential immigrant suffered from trachoma. I had doctors' certificates given to me by the wife of this man—and they were certificates signed by quite eminent eye specialists in Rome and Paris—saying that he did not have trachoma but rather that he suffered from what the doctors called a granulated cornea. I took the matter up with some medical friends of mine in Winnipeg and they said the doctor could easily make a mistake in such a case but undoubtedly it is the duty of the doctor responsible to the immigration authorities to be extremely careful. I am not holding the doctor responsible for this matter, but I felt there was an undue lapse of time in this case between the various medical examinations. Ultimately the department decided that granulated cornea was the right diagnosis. This man has come here and has fitted in very well. As a matter of fact he has had other examinations by eye specialists in Winnipeg who say that in their opinion they do not think he ever had trachoma. But the long delays between medical examinations could be obviated, more than has been the case in the past.

Another group who have complained—perhaps "group" is the wrong word—let me say a number of members of a group who have complained are those of Chinese ancestry. They have said that it has been a mistake to try to verify beyond doubt the age of a young man or a young woman by X-ray alone. It has been pointed out to me that there are no scientific data on the physical measurements of Chinese, that we are still working on a hit or miss method, and that anthropological surface measurements show great diversity even amongst Chinese, depending upon their descent, the climate in which they have lived, the sort of food they have received and their general environment. Hence we cannot work out any set of figures or any set of measurements which will cover all Chinese.

There is no objection whatsoever to the use of radiological films but I think they should be used to substantiate a case rather than as a substitute for proof. There must be ways of establishing facts other than by merely saying that a radiological film shows that this man is over the age at which we permit anyone to come to this country. It is possible that there may be an error of between three to five years on either side amongst those people over 18. I should like the minister to comment as to the extent to which radiological evidence is used to decide the age of potential immigrants.

There is another matter on which I am not going to speak because my colleague the hon. member for York South has said he is going to deal with it. I refer to the case of British subjects from the British West Indies who many of us feel have been unfairly treated, and I support his contentions. There is a subject which was brought up last year by several hon. members, namely the question of the quota which is applied to people from India, Pakistan and Ceylon. There is a quota of 150 on those coming from India, 100 from Pakistan and 50 from Ceylon. I myself think that a quota is rather an unnecessary thing in view of the fact that quota allowances have never been fairly arrived at. The quota suggests to me a discrimination of some sort, and I do not think it is right that in the commonwealth of nations one group should be upon a quota basis while the others are not. These are matters which the minister will probably be able to answer when he is summing up this part of his estimates.

Mr. Cote (Matapedia-Matane): I had no intention to take part in this debate, but I think it is my duty to challenge a quotation made by the hon. member for Broadview with regard to a speech made in Quebec by the Hon. Jean Desy, or at least to challenge the way he put it and the inference that may be drawn from it. I think the sentence should be read not only in conformity with the text, which may be reproduced exactly in the newspaper mentioned, but also in relation to the rest of his speech.

The implication that the hon. member tried to put forward is not a correct one, I am sure. I do not think anyone in this country or anywhere else can reflect on the Hon. Jean Desy, whose reputation as our ambassador to several countries is high, and suggest that he has tried to create dissension amongst loyalist Canadian citizens, either former loyalists or new ones.

The Hon. Jean Desy was being questioned on external affairs and the Canadian Broadcasting Corporation, to which he is responsible, and not on immigration. In these two places no reflection has been cast upon him because of the way he was handling his job,

which is to be responsible for the Canadian Broadcasting Corporation's international service.

My third point is that while I do not want to impute motives to my hon. friend, I do suggest that he has not read the full text of Mr. Desy's speech. I am sure that if he had done so he would not have made the remarks he did, and I am sure that he will not succeed in the implication that he has tried to make. If that implication is there, then it is the responsibility of the hon. member for Broadview and not that of Mr. Desy.

Mr. Robichaud: Mr. Chairman—

The Chairman: If the hon. member intends to make lengthy remarks perhaps we should call it one o'clock.

At one o'clock the committee took recess.

The committee resumed at 2.30 p.m.

Mr. Robichaud: Mr. Chairman, immigration is not a problem of major importance to my native province of New Brunswick; hence my remarks before this committee this afternoon will be brief. In answer to a question which I placed on the order paper the minister of immigration informed me that during a period extending from 1949 to 1952 inclusive only 3,888 immigrants to Canada gave New Brunswick as their destination. How many actually stayed in our province we do not know and apparently cannot find out as I am informed statistics are not available.

I was interested this forenoon listening to the remarks of the hon. member for Saint John-Albert when he deplored the little use that was made by the department of immigration of the excellent facilities of the port of Saint John for immigration purposes. I am happy to be able to say to the hon. member for Saint John-Albert that, on this occasion at least, I am in complete agreement with what he said.

I realize that the hon. member for Saint John-Albert was in a rather delicate position this morning as he did not consider it advisable or wise to appear to be critical of the department of immigration. I will venture to go one step further this afternoon than the hon. member for Saint John-Albert and assert that in my submission there has been apparent discrimination against the port of Saint John, New Brunswick, by the immigration authorities.

In answer to a question which I put on the order paper in February the minister of immigration stated on March 11, as reported in *Hansard* of that day, that from 1949 to 1952, out of a total of 255,344 immigrants who entered Canada through the ports of Halifax, Nova Scotia and Saint John, New Brunswick, 241,792 entered through the port of Halifax, Nova Scotia, as against the pitiful number of 13,552 who entered through our port of Saint John, New Brunswick. If my mathematics are correct, that means that 93 and a fraction per cent of those immigrants entered Canada through the port of Halifax, Nova Scotia, while only 6 and a fraction per cent entered Canada through our good port of Saint John.

I submit that this is something which should be looked into. I submit respectfully to the minister and his officials something which was pointed out this morning by the hon. member for Saint John-Albert, that we have very excellent facilities in the port of Saint John.

With the exception that I have referred to, as I said, immigration is not a major problem for the province of New Brunswick and I would not participate in this debate were it not that I wish to consider the problem of immigration objectively for a brief time and on a purely national level. My remarks will be directed first to the moral aspect of the problem and before I conclude my remarks I propose to bring to the attention of the minister and the committee recommendations that have been made by a recognized body of businessmen in connection with certain social and economic angles of the immigration picture.

The 1952 annual meeting of the leaders of the Roman Catholic church in Canada held in Ottawa last October decided in favour of a program to speed immigration. The archbishops and bishops of the church were of the opinion that countries, such as Canada, with unoccupied land should open their doors to people from overpopulated countries. In a prepared statement which was reported in the Canadian press of October 9 last, they said:

> Immigration is a social question with many aspects. The church does not wish to pass judgment on the details of policy regarding immigration, but does point out to all that immigration is a moral question, subject to moral laws which should direct and inspire those whose duty it is to determine a policy of immigration.
>
> The policy that governs the flow of immigration should be truly democratic and any regulations that would restrict, in an arbitrary manner, the emigration of people from an overpopulated country, or of refugees from persecuted lands would be contrary to the fundamental principles of justice and true peace.

The prelates went further and urged that action should be taken to see that families were not broken up by immigration, and their statement on this point contained the following:

> Broken homes constitute a deplorable and disastrous problem, particularly when the head of the family is separated from wife and children; public and voluntary agencies should make an immediate and determined effort to reunite these families whose members already have permission to enter the country.

The leaders of the Church of England and of the United Church of Canada have also expressed similar views on the problem of immigration. An editorial entitled "Population Problem" which appeared in the Moncton *Daily Times* during the week of October 12, 1952, referred to the meeting of the Roman Catholic archbishops and bishops in the following terms:

It is worth noting that archbishops and bishops of the Roman Catholic church at a meeting in Ottawa Thursday, went on record in a prepared statement urging countries with unoccupied land opening their doors to people from overpopulated countries. Recently leaders in the Church of England and the United Church voiced similar convictions. If one of the principal causes of international strife is to be eliminated a just and practical immigration policy by the "have" countries seems necessary.

Speaking recently on the occasion of the consecration of the new bishop of St. Boniface, Manitoba, His Excellency Bishop Blais, the apostolic delegate to Canada, His Excellency Monseigneur Antoniutti said, as reported in the French newspaper, *L'Action Catholique* of Quebec:

(Translation):

It therefore follows that all men enjoy a fundamental right which cannot be denied them: the right to immigrate from one country into another, in an orderly way no doubt, but also with freedom, so as to have access to material wealth. It behooves society to find the means of ensuring that right. Men without land have the right to cultivate unused lands and the people of those countries that do not have sufficient natural resources have a right to the abundant natural resources of countries without sufficient manpower.

(Text):

The leaders of our church, as well as the leaders of other churches or denominations, have not only the right but the duty, in my submission, to interest themselves in such a grave problem as that of immigration inasmuch as the problem carries a serious moral aspect and raises the primary right of man to enjoy the natural wealth and resources expressly created for man's enjoyment. Our church leaders have made it very clear indeed that it was not their intention nor was it their purpose to intervene in the technique or administrative side of immigration. They have advanced a formula for a policy of really and truly democratic and fair immigration as opposed to an exclusive and preferential system.

Before concluding, Mr. Chairman, I wish to direct the attention of the minister to a statement which was made recently by the board of trade of Montreal and which is to be found in their official newspaper, *Commerce-Montreal*, in its issue of February last. It reads as follows:

(Translation):

Upon the request for intervention in favour of mass immigration to Canada from the Canadian Chamber of Commerce, your chamber deemed it advisable to reassert its position on the matter. To put it briefly your chamber is of the opinion that immigration should be planned in accordance with Canada's economic and social needs. It believes that we should bring to Canada only those immigrants who can readily adapt themselves.

Moreover, your chamber is of the opinion that the federal government should find a solution to the housing problem before bringing large numbers of immigrants to Canada.

(Text):

Further on in the same article there is the following statement:

(Translation):

Your chamber has forwarded to the federal and provincial governments the brief announced in its annual report on French immigration to Canada. A relatively small number of French people are now emigrating to Canada.

Although most of the newcomers have found at least temporary employment, nevertheless their position remains very uneasy. The integration of these French people into the French Canadian group undoubtedly raises very real problems. It is most urgent that an organization with the necessary means at its disposal be entrusted with the task of solving this problem.

(Text):

In conclusion, I submit to the minister that there is indeed need for a more realistic and a better socialized policy of immigration. As reported in the Moncton *Daily Times* on the 12th December, 1952, Mr. Robert Rae, president of the Dominion Bank, added his voice as a leading businessman to those in the church and industrial spheres in emphasizing the urgency of a positive, expansive and well controlled immigration program. Mr. Rae, deploring the absence of such a policy in the present department of immigration, is quoted as saying:

This lack in a country as wealthy and underpopulated as Canada is to be deplored on both social and economic grounds.

I therefore urge the minister and his officials to seriously consider the recommendations of the leaders not only of my church but of the Church of England and the United Church of Canada emphasizing the importance of the moral aspect of the problem of immigration, and I also urge the minister to give serious thought and study to these recommendations as well as to those emanating from well organized and well recognized groups of businessmen deploring the absence in Canada of a positive, expansive and well controlled policy on the all-important immigration issue.

Mr. McIvor: Mr. Chairman, in past years when I have approached the minister and some of his officials about bringing people to Canada from different places they have been honest enough to tell me that this is the law and we are not prepared to break

it even for you. That is my own language but that is the way I took it. I know it is true that they will follow the law and we have no right, no matter what the local need is, to expect them to break the law because they will not do so. I tried to get a tailor brought out from Italy for a local tailoring establishment because the owner of the establishment could not get a tailor any place in Canada. Because the tailor in Italy was not a relative the request was refused, and of course my friend thought that the government was terribly hard. He may get the tailor here in some other way. However, I should like to say that if a thing is right and you will stick to it the officials will see that you are right.

There is the outstanding example of a Hebrew family we brought out from Poland just two weeks before the war. I tried for two years to get that family brought out here. They landed in Fort William. The rest of their relatives have not been heard from since. They do not know where their uncles and aunts are unless they are across the river Jordan. A boy and girl of that family have been a credit to Canada. They have graduated in arts and are determined now to give Canada their best because Canada saved the lives of their father and mother and their own lives. The boy, who could not speak a word of English when he came here, won first prize for public speaking in our collegiate.

I give this example to show that the officials have still got a heart. While there may be a housing shortage, so far as immigrants seeking to come to Fort William are concerned housing is no problem. Those who want them brought here have houses and jobs for them. As I see it, we need far more immigrants in Canada. You can travel almost any place in Quebec and there is vacant land. Around Fort William we have splendid pieces of land that will grow beautiful potatoes. Therefore we need immigrants to cultivate the land and who will carry their own load.

As I said the other day, I am very pleased that the department of immigration has been getting a number of immigrants from the north of Ireland. I asked then if there was any possibility of getting more of them because men and women coming from the north of Ireland are able to take their places with Canadians anywhere in any type of work for which they are qualified. I congratulate the department on allowing more Irish immigrants to come to Canada, because we believe they are good immigrants.

I must admit that I have tried in vain to bring a young Chinaman out from China but it seemed that the quota was complete. I thought the boy was coming out to go to school in Fort William but an X-ray was taken of him and he was declared to be older than the father and mother said he was. I congratulate the department on having the age limit raised to 25 years and I am therefore hopeful that this potential Canadian citizen will get to Fort William. His father has a restaurant, a fine paying business, and he needs the boy there. The father is an old man both in his years and in his ways. I hope to see the boy come to Fort William.

I have another case of the same kind but because the age limit is raised the second boy may qualify. When the two boys come to Fort William, as I expect they will, we are going to have a real reception for those prospective Canadian citizens.

I just wish to thank the officials for the courtesy they have given me during the years. I could not have been better treated and, in fact, if I asked for something which they found was contrary to the law they were very kind in saying "no"; and "no" should be said to any member of parliament who wants an official to break the law of Canada.

Mr. Noseworthy: As the hon. member for Winnipeg North indicated this morning, I wish to discuss for a few minutes the question of immigration from the British West Indies. In my opinion, the policy which is followed by the government in regard to immigrants from the British West Indies is immigration by discrimination on the basis of colour. I know that the minister will object and say that such is not the case, but from all I can gather it is about the only conclusion one can reach regarding the government's present policy.

About a year ago I took up with the minister a special case. It was the case of a coloured Canadian citizen, a former employee of one of the railway companies, a man against whose character as a Canadian citizen there was no blot, a man who had lived a fairly exemplary life in his community, who wanted to bring his granddaughter from Barbados. I wrote to the minister and the minister in his reply said:

> I have had the case reviewed by the immigration branch to ascertain whether some grounds could not be found for extending favourable consideration. It is quite evident, however, that Miss Braithwaite . . .

That was the young lady's name—

> —does not qualify for admission under present regulations and in the circumstances no encouragement can be offered.

The minister goes on to say:

> In reply to your last paragraph one of the conditions for admission to Canada is that immigrants should be able readily to become adapted and integrated into the life of the community within a reasonable time after their entry. In the light of

experience it would be unrealistic to say that immigrants who have spent the greater part of their life in tropical or sub-tropical countries become readily adapted to the Canadian mode of life which, to no small extent, is determined by climatic conditions. It is a matter of record—

—the minister said—

—that natives of such countries are more apt to break down in health than immigrants from countries where the climate is more akin to that of Canada. It is equally true that, generally speaking, persons from tropical or sub-tropical countries find it more difficult to succeed in the highly competitive Canadian economy. It would be quite contrary to fact, however, to infer from this that coloured immigrants are debarred from Canada. As in the past, favourable consideration is given in cases where the exceptional qualifications of the applicant offer reasonable assurance that he will find a satisfactory level in the Canadian community or where refusal would constitute extreme hardship on humanitarian grounds.

So, judging by the minister's statement, people from the British West Indies—British subjects from the British West Indies—are not considered to be suitable immigrants to Canada on the grounds that they cannot readily adapt themselves to the climatic conditions of our country or stand up against the competition of modern life in Canada, and that they are not likely to remain healthy in Canada. In order to find out just what the records were, because the minister in his letter said it is a matter of record, I put some questions on the order paper. I asked:

1. How many persons of British West Indies origin are at present living in Canada?

The answer was:

Information not available.

2. How many persons have entered Canada from the British West Indies during each of the five years 1947-1951, inclusive?

The answer was:

Statistics are not available as to the number of persons who have entered Canada—

An hon. Member: Some record.

Mr. Noseworthy: That is the record. I then asked:

3. How many applicants for entry to Canada from the British West Indies have been refused entry during each of the five years 1947-1951, inclusive?

The answer was:

Statistics on rejections are not maintained by country of origin.

4. For what reasons were these applicants rejected and how many were rejected for each of these reasons?

The answer to that question was:

See answer to No. 3.

Which was:

Statistics on rejections are not maintained . . .

My next question was:

5. How many students were admitted to Canada from the British West Indies for the purpose of studying in Canada during each of the years 1947-1951, inclusive?

[Mr. Noseworthy.]

The answer was:

Students admitted to Canada from the commonwealth countries are shown as British subjects and are not listed by country of origin. It is not possible, therefore, to give the number of students coming from the British West Indies.

6. How many of these students applied for permanent residence in Canada?

The answer to that was:

Information not available.

The next question was:

7. How many of these student applicants were granted permanent residence in Canada?

Again the answer was:

Information not available.

My final question was:

8. Are any statistics available to show how immigrants to Canada from the British West Indies compare with immigrants from other warm climate countries in the following respects: (a) health records; (b) wages or salaries earned; (c) unemployment records; (d) profession and occupation followed; (e) public liabilities?

The answer was:

Statistics not available.

I gather from the answers to these eight questions—every single one of which was answered by the statement that statistics are not available or that records are not available—that, when the minister states in his letter to me that it is a matter of record, someone was judging the case on the basis of some theory that has probably been laid down by the department of immigration for some time rather than by any actual statistics or records.

Now, I sent a copy of that letter to Mr. Braithwaite, and Mr. Braithwaite sent his letter on to his union. He belongs to the brotherhood of sleeping car operators, a brotherhood that is affiliated with the American Federation of Labor and with the Trades and Labour Congress of Canada. It is often interesting for us to see ourselves as others see us, and I want to call to the minister's attention what the editor of the official organ of that union has to say regarding the minister's answers. These comments are contained in an editorial published in a paper called "The Black Worker", for March, 1952. The editor takes up the minister's answers point by point.

First, the minister says:

I have had the case reviewed by the immigration branch . . . It is quite evident, however, that Miss Braithwaite does not qualify for admission under the present regulations . . .

The editor says:

Think of it! Here is a citizen of Canada who cannot even bring his granddaughter to Canada to see him. Why?

Not because she is a communist or a subversive of any stripe, who might plot and conspire against the government; not because she is an indigent

and may become a charge upon the government; not because she possesses some contaminating and contagious disease; but solely because she is a negro living in the West Indies!

That is the interpretation which the people affected place upon the minister's statement. His next statement is as follows:

In reply to your last paragraph, one of the conditions for admission to Canada is that immigrants should be able readily to become adapted and integrated into the life of the community . . .

Then the editorial raises this question:

What about the negroes already in Canada who came from the West Indies. We have heard no sound claim made to the effect that they have failed in adaptation or integration into the life of the community.

If a census were taken of the negroes in Canada from the West Indies, it would be found that percentagewise, they will compare favourably, (1) as law-abiding citizens; (2) as reliable and dependable workers; (3) as persons of good health; (4) as citizens non-dependent upon charity; (5) as citizens answering the call of their country to arms; (6) as church-goers, with the white citizens of the dominion of Canada.

The editorial goes on to point out that there are a great number of people from the West Indies living in Canada and occupying prominent positions; some are in the professions and some are active in the trade unions. The article makes a fairly good case of the charge that, apparently, there are few facts to support the statement with which the minister justifies his policy. The writer concludes that the policy followed by the department is pretty well a case of discrimination against British subjects on the basis of colour.

There are no statistics available in Canada, for instance, to show that the people from the West Indies do not do as well in this country, so far as health is concerned, or that they do not become integrated into the life of the community as well as do people from southern Italy, where the climate is very much the same, or people from Florida, where the climate is not too different.

There is abundant evidence to show that in Chicago, and other northern cities of the United States where the climate is not so very different from that of Toronto, these immigrants have not been affected, nor has their health broken down by reason of climatic conditions. At a time when the Department of Labour has before us a bill outlawing discrimination by employers on the ground of race or colour, it ill behooves the department of immigration to pursue a discriminatory policy on that basis, particularly in regard to other British subjects. In the world today there are about two billion coloured people who are not yet communists. History may well turn upon whether or not these two billion coloured people throw in their lot with the western world or with the communist world.

In the light of the attitude of these coloured races of Africa, Asia and India towards the western world, and in the light of their present attitude towards white people generally, I suggest that the minister revise his policy, particularly at this time when a number of people in Canada are contemplating the possibility of the British West Indies becoming a part of our dominion. I suggest that the minister give some attention to that revision and the present policy regarding immigrants from the British West Indies.

Mr. MacInnis: There is one matter or perhaps two that I should like to comment on briefly while we are considering this item of the minister's estimates. I should like to say a word, in general, about our immigration policy, but I shall not take the time of the committee to do that because the hon. member for Cape Breton South came close enough to my point of view on the matter that I can accept what he said as being said on my behalf. The hon. member for York South has made reference to a matter in which he felt there was discrimination because of colour. I am going to raise another matter which is not on quite the same basis. I have reference to the Indians who are in Canada, and who are debarred from bringing relatives into the country on the same basis as, let us say, Europeans. They are debarred from doing so because of a proviso to P.C. 2743.

Mr. Green: No; that is wiped out.

Mr. MacInnis: That may have been wiped out, but the provision was put into effect by some other order so it really does not matter a great deal which way it was done, because the provision stands. The provision reads in part as follows:

—the provisions hereinbefore set out shall not apply to immigrants of any Asiatic race. The classes of persons admissible under the order include: The husband or wife; the son, daughter, brother or sister, together with husband or wife and unmarried children; the father or mother; the orphan nephew or niece under 21 years of age; of any person legally resident in Canada who is in a position to receive and care for such relatives. The term "orphan" referred to in this section means a child bereaved of both parents.

A person entering Canada to marry a legal resident thereof; provided the prospective husband is able to maintain his intended wife.

These provisions do not apply to persons of the Asiatic race. I am just going to refer on this occasion to the East Indians in Canada. Because of the relation of India to the commonwealth and, consequently, to Canada I consider that these people are on a different basis. Besides that, there are so few of them in Canada that no question as to balance of population or no difficulties would arise if the provisions of this order were to apply to

East Indians as well as to Europeans. I believe the minister has a brief on this subject from the East Indians in British Columbia. As a matter of fact, the paper I have in my hand is purportedly a copy of that brief.

The hon. member for York South referred to the dangerous situation which exists in the world today, where the coloured races, regardless of their nationality, are beginning to feel the discrimination by the white races in a way in which they never felt it before. If there were no other reason but that of self-interest, I believe that we should do everything possible to take away every vestige of reason for discontent or for turning these Asiatic peoples to totalitarian countries or philosophies. As a matter of fact, we have a great deal to make up for; that is, there is a great deal that we should ask the Asiatics to forgive us for, and we should try to make what amends we can. It would be good for them and it would be good for us and, for that reason, it would be good for the whole world at large because it would be associating these Asiatic people—of whom there are such vast numbers—with us in trying to build a world on democratic principles.

I would therefore suggest to the minister that he give this matter real consideration. I quite agree that it is a problem not of his making. He inherited it and it is now a matter of government policy. But I would suggest to him that he try to use his undoubted influence in getting a change in government policy. From past experience I know that he can do that. I would suggest to him that he try it again.

There is one other matter to which I want to refer; and this is an old one with me, in a different way. In the diplomatic gallery the other day we had a young man who is the coming ruler of, shall I say, an eastern people. He was accorded a wonderful reception in this country. I myself felt a little bit embarrassed over the reception given him as compared with the reception that we gave the people he is to rule over when they were here. A number of people of Japanese origin —some of whom were Canadian citizens and some were not—were caught in Japan at the outbreak of the war. I believe that some of those people were forced into the Japanese army. After the evacuation from the west coast, considerable numbers of Japanese—some Canadian citizens and some who were not—were returned to Japan; it was, theoretically, voluntary repatriation. But among those who understand the psychology of the time in which that event took place, I think few would say there was anything voluntary about it.

I understand that some of those people now want to return to Canada, and I am not so sure that some of them have not done so. However, I believe they are finding some difficulty in returning. I would ask the minister to take that matter under consideration. If we want to be friendly with the Japanese nation, I would say that by doing justice to these people we would be doing more towards cementing that friendship than we accomplish by making a great ado about Prince Akihito. As for myself, I felt that demonstration to be a little bit cheap, considering what we have done to these people.

In all earnestness I suggest to the minister that he take into consideration those two questions I have mentioned, and give them his serious attention. I hope he will see what he can do to remove the reasons for discontent and what is actually discrimination in the case of the East Indians, and that he will also take up the other matter I mentioned.

I hope the minister will notice that I have not indulged in any criticism. There is no one whom I would be sorrier to criticize, and I should hate to be obliged to do so on some future occasion.

Mr. Pearkes: Mr. Chairman, there is a matter I wish to bring to the attention of the minister, namely the plight of the Canadian citizens of oriental origin who have relatives still in the Far East. Canadian Chinese still experience considerable difficulty in obtaining permission for their close relatives to come to this country. While I am not in any way advocating any general increase in the amount of oriental immigration, yet for anyone who lives, as I do, in close proximity to a number of our Canadian Chinese, it is not hard to realize the anguish which parents suffer because they are not able to bring their children from communist China to this country; and that statement applies also to other people who have close relatives in communist China and cannot get them out. When I am at home I do not think a week passes that some Chinese Canadian does not come and visit me and ask me if I can do something to help him bring his child, or an aged parent or some other close relative to this country. As the minister knows, I have had a fairly extensive correspondence with his department on some cases.

When these relatives have been able to get as far as Hong Kong, owing to various difficulties there, it seems particularly difficult for them to get out of that country and come to Canada. I know that since the Chinese Immigration Act was repealed there has been an increase in the number of

Chinese who have come here, and that the classes of relatives that can be brought out have been extended so that now husbands, unmarried children up to 19, and up to 21 in certain circumstances, and, as the hon. member for Fort William intimated, even children up to the age of 25, under very special circumstances, may be brought in; but the number of cases of children between the ages of 21 and 25 admitted to this country is extremely limited.

When I was speaking on this subject a couple of years ago the minister said that one of the main difficulties was in the shortage of staff at the Hong Kong office. Surely that situation should have been remedied by this time, and there should now be adequate staff to cope with those refugees who have reached Hong Kong. But according to the table that was placed on *Hansard* yesterday, at page 4325, there has been a reduction of over 300 Chinese immigrants to this country in the last year. The figures for 1951 are given as 2,697, as opposed to 2,313 for the calendar year 1952. I admit that these figures compare favourably with those that have been given for such years as 1949, when only some 794 were brought into this country.

The Canadian Chinese, particularly those living on Vancouver island, for many years have been maintaining their relatives who have reached Hong Kong. They have been sending large sums of money to them. They have also been sending money by devious methods to their relatives who still remain on the mainland of China, but they feel that their relatives there do not get all the money that is sent to them. They believe that there is a system of extortion or blackmail to which considerable donations have to be made by the people in China before they receive the money which their Canadian relatives have sent to them.

As for the lot of those unfortunate people who are in Hong Kong, they are simply stranded there. In a great many instances they are not able to return to their native villages in communist China because of the danger to their very lives if they went back home. I am not going to raise any individual cases because I have taken them up with the minister and his departmental officials; but I do feel that if anything could be done during this period of stress to enable some more of the close relatives to come to Canada, and not place such very strict regulations upon tests which are applied, it would be of great assistance to these people.

I have had cases where affidavits have been produced, not only by Chinese relatives but also by the white employers on Vancouver island, declaring that certain children were born at certain times. Unfortunately, when the individual has presented himself at the Hong Kong office he has not been granted a permit because it has been extraordinarily difficult for him to prove that he is the child of the parent who has made application for his entry to Canada, and he has found it difficult to answer some of the questions which are put to him in connection with other relatives living in China, uncles and so forth.

The question of age also crops up again and again. They are still having these X-ray pictures taken, and quite frequently they do not establish or confirm the age that has been given. There is a feeling that, owing to the malnutrition of the children during the past 20 years, the bone development has not been normal. Therefore I do make a plea for our Canadian Chinese citizens, who are loyal citizens, and urge that a little more latitude be granted to them in connection with bringing their close relatives to this country; and, where reasonable evidence is produced, that at least the benefit of the doubt should be given to the child who presents himself at the Hong Kong office.

Very much the same factors apply to our East Indian citizens. They have been granted citizenship rights, but of course they do not enjoy all the citizenship rights in so far as bringing their close relatives into this country is concerned. The East Indians live in fairly substantial numbers around Victoria. They have made their contribution to the economic and cultural life of British Columbia. They are law-abiding, hard-working citizens, and they feel very keenly that they are not permitted to bring in their close relatives.

I believe that certain quotas have been set. I am not quite certain, but I think it is between 200 and 250 for India and Pakistan. I did notice that, according to the table which was published in *Hansard*, and to which I have referred already, only 168 East Indians were permitted to come into Canada last year, and in the year before that only 97. So it seems to me that we are nowhere near reaching the quota, if it is, as has already been said here, between 200 and 250. And yet I have been told that in making application, or supporting applications being made—I am thinking particularly of one man who served in the British army as a driver in the first war and was very anxious to come to Canada to join relatives here, but the quota had already been filled.

I must ask the minister what the quota is. If it is what I have been led to believe, that

is somewhere in the neighbourhood of 200, it is quite obvious that it has not been filled in the last two years. While applications of those applying for this year's quota have not been granted, I do hope it will be possible to give consideration to those who are eligible to come to this country and that the full quota be admitted.

Mr. Sinnott: Mr. Chairman, I should like to say a few words on immigration and I join with previous speakers in thanking the minister for the co-operation he has given me in the past in regard to certain cases. The hon. member for York South referred to British Honduras or British West Indies. In my particular case a young gentleman would have been deprived of his Canadian citizenship if it had not been for the co-operation which I received from the minister. This young man is now teaching in one of the schools in Springfield constituency, and I think he is one of the kindliest, most intelligent and well-mannered persons we would hope to see.

They were having some difficulty in obtaining a teacher for this particular district, and as this man seemed to meet their needs they came to me and expressed the wish that he come back again. The result was that through the co-operation of the minister he is now back on the job and the whole district is satisfied. I imagine there are many more men with similar ability in British Honduras.

While I have no objection to immigration, I think those on the other side should be very watchful to see that immigrants who come to this country are carefully selected. This should not be on the basis of racial discrimination or anything like that, but they should meet the medical and political qualifications.

I have referred before to a couple who slipped through the immigration department a year or two ago when suffering from a serious malady. They first stayed with relatives on a farm in Windsor and then they came to western Canada where they soon found themselves in the position where they could not take care of themselves. For medical aid and other assistance, they came to the municipality where I reside. That couple is now costing the municipality $40 a month or $480 a year. After ten years it will have cost that municipality $4,800 in addition to the medical attention they will have received.

That is not a good type of immigration. That is the type of immigrant we should keep away from this country. The people of this municipality have had placed upon their shoulders a financial burden when actually they have enough of a financial burden to take care of their own families.

[Mr. Pearkes.]

I urge upon the minister to make sure that in future the screening is carefully done, because this is a serious matter. It would be almost impossible to deport these people after they have been here for so long, but they are proving a serious burden upon the municipality in which I reside. During the past year, we know, certain officials on the other side have been quite lax. I believe this matter has been taken care of. I urge the minister to make sure that some of the things which have happened in the past do not recur in the future.

I should like to say a word about our farm immigration. Applications are being made by people to come to this country as farm workers which have never been lived up to. Many of these immigrants have been taken from the railway station and have never reached the farm at all. They have gone into industry in the city. This sort of thing should be stopped. The type of immigrant who will adopt these fraudulent means is not a good type of citizen to begin with. Strong measures should be taken to see that those who come here to work on a farm should live up to their obligations.

Representing this municipality as I have for some years, I can readily understand the financial burden that may be placed upon a municipality by the wrong kind of immigration. This matter has been raised by hon. members on the other side. While we are on this subject we should thoroughly discuss and attempt to mould this policy in order that we can get the most out of it.

This parliament is the parent governing body in Canada. While immigration is good for the country, at times it does cause a shortage of housing, a shortage of schools and a shortage of teachers. I think as a federal parliament we could go much farther toward helping these hard-pressed municipalities. All one needs to do is to look around and see the shortage there is in school rooms and how much it is costing these municipalities to take care of these citizens who are coming to this country. It is a good thing to have them come here, but I think that we as a federal parliament should go further to help these municipalities with their present difficulties.

Mr. Thatcher: Mr. Chairman, it seems to me that the main issue which should be decided by this debate is, how many immigrants does Canada want in 1953? I notice that last evening the minister did not state the figure which the government believed should come in, and I noticed also that most speakers so far have not been specific. I say quite frankly, I believe that we have not been

bringing enough people to Canada this past year or so. I certainly believe that our immigration policy should be based on our absorptive capacity. But I am going to suggest that certainly in the last year that absorptive capacity has not been reached.

Certain remarks have been made in the house today that we have to watch unemployment. Of course that is sensible, but I repeat what I have said earlier, that every time a person picks up a daily newspaper he finds not columns of "help wanted" advertisements but page after page. I have in my hand at the moment today's Toronto *Telegram* and there are six or seven pages of help wanted advertisements seeking bricklayers, electricians, painters, domestics, unskilled workers, shippers, service station attendants, teachers, chauffeurs, bookkeepers and so on.

An hon. Member: Hardware men.

Mr. Thatcher: Yes, certainly; hardware men are wanted.

An hon. Member: Hardware merchants.

Mr. Thatcher: In my opinion, no matter what city you mention, there is an acute and all-pervading labour shortage today. Many schools in my province are closed, and I believe also in other provinces, because teachers cannot be obtained. We have hospitals that are having great difficulty in carrying on operations, because they cannot get nurses and attendants. As has been mentioned by the hon. member for Springfield, many farmers cannot get farm help. Factories have had to curtail operations because in some cases they cannot obtain skilled workers.

I think there is room in Canada for thousands of domestics. I believe there is also room for a great many more unskilled workers. The way our industry is expanding today, there are not even enough workmen for those industries that are past the blueprint stage, let alone enough men for future expansion. Suppose the Minister of Defence Production decides this year that the nation is going to go ahead with the St. Lawrence seaway. Where would we get the men to build it? What would happen if the Minister of Agriculture decided to go ahead with the South Saskatchewan river project? Where would he get 10,000 workmen to build it? What if our gold mines should open again? Where are we going to get men to operate them?

An hon. Member: From the unemployed.

Mr. Thatcher: I say it is folly for Canada to be short of workmen as we are today, when there are so many people in western Europe who want to emigrate to Canada. During the current session of parliament I have heard two main problems discussed again and again; the loss of our overseas markets for farm products, and high taxation. I think immigration can help solve both these problems or at least alleviate them. If we brought more people to our country we would have a larger and more stable domestic market for our farm products, at a time when we have lost many of our English markets. I also think that if immigration were more extensive the fantastic tax burden which Canadians are called upon to bear today could be spread out among more people. If the tax bill against production in Canada cannot be lowered, and apparently the government feels it cannot, then it seems to me it is sensible for us to step up production by immigration. It seems logical to me that the more rapidly our population increases, the sooner we can expect tax relief.

We have heard a great deal about the problems of the railroads during this session. I suggest that a larger population would ease some of the problems they are facing. I think greater immigration is needed for reasons of defence. In view of these facts, I suggest that the minister should set his immigration target for 1953 at a higher level than last year. I do not want to be too radical, so what I suggest is that we accept the suggestion made in Toronto last night by Mr. C. H. Millard, the head of one of our largest trade unions. Mr. Millard was speaking at a panel discussion held for the benefit of the Toronto business and professional club. In this morning's *Globe and Mail* there is the following report:

> Mr. Millard, who insisted on seeking some concrete conclusion from the discussion, finally suggested Canada in the next ten years should admit about 2 per cent of its present population annually in immigration.

I believe that would work out to between 280,000 and 300,000 persons per year. I should like to suggest that our immediate objective for this year should be at least 300,000 people. In making that suggestion, I am very pleased to have the company of Mr. Millard, that eminent trade union leader.

There are only one or two other things I would suggest to the minister. I believe that the number of emigrants from Great Britain to this country fell down very badly last year. We only brought out 44,000 people. There are two reasons for that. The first is that the minister has withdrawn a good deal of the assistance on transportation which was formerly provided. The second is that the British government will not allow emigrants from that country to take out sufficient money. I think the minister should be more generous with assisted passages. At

the same time the government should approach the British authorities to see if some system cannot be worked out whereby their government will permit emigrants from that country to bring more money to Canada.

I think Canada is also going to miss the boat if we do not bring in more people from Germany. I had hoped that when Chancellor Adenauer was here last week discussions would have been held as the result of which a good many more German immigrants would have been permitted to come to Canada. I say again that I do not favour unregulated immigration; it is only sensible that it should be planned. But I suggest that we should plan for an objective of 300,000 this year and not 160,000 as in 1952.

Mr. Dinsdale: Mr. Chairman, I think it is significant that during the present session we have had an excellent discussion on external affairs and that today we find many members on all sides of the house taking an interest in matters pertaining to immigration. I feel that these two subjects are closely related. The problem of population is quite intimately connected with some of the difficulties that are facing us in the field of external affairs at the present time. I do not want to hold up the committee unduly, but I think it is rather important that a more or less extended discussion should take place at this time so that we may have a chance to direct the thinking of the public throughout Canada to this very important subject, and also because there have been very limited opportunities on other occasions to deal with matters pertaining to immigration.

This is the first time since I became a member of the house that we have had an extended discussion on immigration. As one who comes from a western constituency, I am most interested in the problems of immigration because we belong to that part of Canada which is sometimes described as "the half-empty half-continent". As I listened to the previous speaker, the hon. member for Moose Jaw, it seemed to me that he also was expressing a viewpoint that might be regarded as peculiar to the west. There is an old poem that describes the spirit of the west and contains a line something like this: "Out where the world is in the making, that's where the west begins". As we look at our lack of human resources on the prairies it is evident that that statement is definitely true because in our huge geographic areas we have tremendous spaces with very limited population. The province of Manitoba, for example, has only 800,000 citizens, a very small group indeed.

As the discussion has proceeded, many of the points that I had in mind have been mentioned so that accordingly my remarks will be abbreviated. I agree that from the western viewpoint many of our problems would be overcome if we could solve the difficulty of depopulation. As the hon. member for Moose Jaw mentioned, we have agricultural problems that are with us continually, mainly those relating to the marketing of our products including our grain. A population increase would provide a domestic market which would alleviate that difficulty to a considerable extent. The same applies to the perennial railway problem and to all the other matters that have been mentioned by the previous speakers.

I have tried in my reading and my investigation of the subject since I came to Ottawa to discover the policy of the government in specific terms regarding immigration. The closest one can come to it is the rather vague statement made last July by the minister, which has already been quoted in the house several times today, that immigration is to take place not exceeding the absorptive capacity of the country and without altering the fundamental character of our people. Also there is to be immigration of such persons as are likely to contribute to our national life.

That statement was followed by a radio statement by the chief of the information service of the Department of Citizenship and Immigration, Mr. E. B. Reid. He said that one important factor in Canadian immigration is its flexibility; so that in addition to the absorptive capacity and the policy which attempts to maintain what is described as the fundamental character of our nation we also have now this further principle of flexibility.

However, along with other hon. members of this chamber I have the feeling that each one of these categories is much too vague to provide the specific information that we need to understand the problem of immigration. Several members have queried "absorptive capacity." It is vague; it is not a fixed quantity, and not a fixed entity. The truth of my statement is indicated by the further principle laid down by the chief of the information service to the effect that immigration must be flexible. I think it would be helpful, as we proceed in our discussion of the departmental estimates, if we could come to more realistic grips with the program and the policy of immigration.

In the few minutes at my disposal I wish to deal with some of the principles of immigration as I understand them. During the past year we have seen a decline in the inflow of new citizens from 194,000 to 164,000 which is something like 30,000; but at the same time we have seen a percentage increase in the number of new citizens coming from the United Kingdom.

Mr. Harris: Not only a percentage increase but an actual increase.

Mr. Dinsdale: Yes, an actual increase in the number of citizens coming from the United Kingdom; that is true.

It has been said on many occasions, and the Minister of Agriculture is an enthusiastic exponent of this idea, that there are 15 million citizens in the United Kingdom who could quite easily be persuaded to come to these shores. I was interested to note quite recently in a press statement dated February 24 from London, England, that the British government has set up a migration board similar to that in existence before the second world war. The statement says in part:

> John Foster, parliamentary secretary for commonwealth relations, said in the House of Commons Monday he agrees on the need for a "blood transfusion" of emigration to underpopulated parts of the commonwealth.

Possessing this surplus population of 15 million, there is an increasing interest in the old country in the movement, as it has been expressed here, "to underpopulated parts of the commonwealth".

As I recall listening to previous discussions on the subject, it has been explained that one of the reasons for the relatively limited number of immigrants from the United Kingdom is the currency problem or the exchange difficulty. I have taken the trouble to investigate the precise situation in that regard. The explanation seemed plausible when I heard it because we are all aware that there is a sterling-dollar difficulty, but here is the situation as I have been able to discover it.

The present regulations permit an emigrant to convert into Canadian dollars and export to Canada up to £1,000 for the head of a family plus £250 for each dependent including his wife. That means that a family of five may export £2,000, which is a fairly substantial amount. The permit stipulates that one-fourth of the total amount may be taken at once and the balance in three equal annual instalments. In addition the emigrant may pay all his transportation expenses, steamer and rail, including sleeper accommodation and train meal tickets, in sterling. After arrival, if he needs more cash than he has brought to buy or furnish a home, start a business, or for any such use essential to his settlement, he may apply for transfer of all or a part of the remainder of his original allotment. If the object seems reasonable and can be supported, this is then remitted to him.

Additional arrangements with the customs department further allow immigrants who have in this way secured their full allowance of cash, but still have a sterling balance in the United Kingdom, to use it to purchase tools of trade which may be exported to Canada and are admitted here duty free. "Tools of trade" has been liberally interpreted to include household goods, machinery, prefabricated houses, in fact just about everything a settler may need for his own use, except automobiles and livestock. There is no upward limit on the quantity or value of goods which may be so purchased and brought in duty free, and these privileges do not adversely affect the additional shipment and duty-free admission of previously owned household goods, furniture, etc., as settlers' effects.

The cumulative effect of these privileges is that the average family deciding to move to Canada may very well transfer quite quickly cash and goods to the value of not less than $10,000. That somewhat changes the complexion of this sterling problem. I would venture to say that there are very few persons contemplating emigration who have an estate that would amount to $10,000, and I can see no particular difficulty in increasing emigration from the United Kingdom because of the so-called currency problem.

Coming along to the matter of what has been called d.p. immigration, the hon. member for Cape Breton South dealt with it at some length earlier today and pointed out the employment difficulties that have emerged from the very rapid and relatively large inflow of persons from Europe. Actually, they make up 16 per cent of the post-war immigration according to my statistics. The total figure in round numbers is 130,000 and those people, coming into Canada as a largely unskilled group, have strained our employment resources to some extent and have created the tensions that have been expressed in some of the observations of organized labour and other groups in the country.

Today, however, there is a dropping off of the influx of what might be called displaced persons. Whether that is due to a lack of interest, the fact that there is no longer a large group available in Europe, or to other reasons, we do not know.

It seems significant, however, that the problem of the German refugee remains one of rather extreme proportions. In fact it is a problem of increasing proportions, as we discovered when Chancellor Adenauer was in the country recently. In discussions with the government he mentioned the difficulty that is arising from the constant movement of refugees from the eastern section of Germany to the western section. Apparently about 10 million people have come across the border seeking political refuge and asylum in the western part of the country. It would seem,

then, notwithstanding the downward trend in the influx of what might be called displaced persons, there is still a large reservoir available for movement to this country.

So far as I can gather through an examination of the records there seems to be a new trend in immigration to this country, which might be regarded as beginning last year and is no doubt due to the increasing selectivity that is being emphasized in connection with the movement of new citizens to Canada. Formerly there was a greater tendency to accept these new immigrants regardless of their skills. It would seem now that a screening process is being carried out much more closely. We find that last year there was a tendency for the largest number of immigrants to be people with clerical skills, trade training and even a good many in the professional categories. I have here a breakdown of the figures for the first ten months of 1952. Of the 146,000 who entered during that period, nearly 69,000 were classed as dependents of new citizens who had arrived earlier. Among the 77,000 with occupations, there were more than 20,000 skilled workers, more than 6,000 clerical workers, and over 6,000 professional people. There was also a group of about 18,000 who were classed as unskilled and semi-skilled. They were in the minority, as we can see. At the same time, around 16,000 immigrants entered who classified themselves as farmers.

This indicates that greater care is being taken in regard to selectivity. This may help to deal with the problem mentioned by the hon. member for Cape Breton South, where you have vast numbers of immigrants competing with our large reservoir of untrained and unskilled labour. It is significant too, I feel, in investigating the facts concerning the new trends in immigration, to discover that those people who are specially trained are not necessarily coming to this country to better themselves in a material way. In fact the professional group, until they become assimilated and integrated with our population, are going to find their lot much more difficult than it was in their native land. I would say that those who are coming to seek political refuge in this country should make an ideal type of citizen, because they are largely leaving Europe because of the pressure from communism.

However, this does produce a special difficulty, and I want to deal with it for a moment. Most of these immigrants with skills and trade training tend to gravitate to the urban areas. Speaking in broad terms, we find that at least half of them have come to Ontario. It has been estimated that a quarter have settled in the Toronto district, that is a quarter of all the immigrants since the end of world war II. About 124,000 have settled in Quebec. This presents a special problem from the standpoint of assimilation or integration. In the minister's general remarks we were given no specific information in this regard, and I am wondering what program the government is carrying out by way of helping to integrate these people into our urban areas. It would be much easier to assimilate the newcomers into a rural district, because I believe the community life is much closer and more personal there. It is difficult enough even for a native-born Canadian who comes from another part of Canada to adapt himself to the big, blooming, buzzing confusion which makes up our modern urban life.

We do have some general information regarding the assimilation program being carried on by the government, but I should like to get some information on the following points. It was announced some time ago in the house that the provincial governments were going to be assisted financially in providing educational facilities. I am wondering how many provincial governments have taken advantage of that offer by the federal government, and how successfully the program is operating. From personal contact with the liaison officers of the department, I know that an excellent job is being done in the various regions of Canada. The liaison officer in Winnipeg, in particular, has been active not only in that city but in the western part of Manitoba, trying to encourage voluntary groups in the communities to participate in the responsibility of assimilation and to assist these newcomers in making a successful adjustment to the land of their adoption.

I feel that the government, so far as we can see, has not been nearly as enthusiastic as it should have been concerning immigration. Indeed, most of the immigrants who have come to this country have done so under their own steam and without too much encouragement from official sources. The government, in a general way also, has provided textbooks and facilities to help in the process of adjustment. In addition to the government effort in this regard, I feel it is essentially a community problem. These people are moving into community areas which have all sorts of social welfare services. They have all sorts of institutions and groups such as the Y.M.C.A., the Y.W.C.A., the Legions, the I.O.D.E., Catholic women's leagues, churches, labour unions and so forth. It seems to me that the solution to the problem of absorbing new citizens into our way of life is largely going to be found

through the co-operation and co-ordinated efforts of local community groups.

I am sure that if that were done the absorptive capacity might be expanded even as far as the hon. member for Moose Jaw has mentioned, to nearly 300,000 instead of making calculations based on 150,000 or 200,000 as has been the annual average since world war II. If we are going to deal with the urgent Canadian need for an increase in population the whole matter has to be viewed not from the standpoint of flexibility or the vague principles of policy that have been enunciated thus far, but from the viewpoint of necessity. We hear people express the opinion repeatedly that the next 25 years in Canadian development is going to be the important period. That the twentieth century belongs to Canada is a sentiment that has been expressed many times. But with 14 or 14½ million as our population we are hardly going to be able to exploit the rich resources of the north and the rich resources that are only now coming to light in the western part of Canada. If we are to realize the golden age of Canadian development and progress, it will depend largely upon the launching of a comprehensive immigration program operating to bring in many more people than have thus far arrived in this country.

Mr. Herridge: Mr. Chairman, I do not intend to speak at length because I think the policy for this group was well presented to the house by the hon. member for Cape Breton South who, in my opinion, gave a comprehensive, all-inclusive review of the immigration situation and of the general point of view of this group.

I fully appreciate the difficulties the minister encounters. I am sure the question of immigration produces for the minister many problems that are not apparent on the surface and do not meet the public eye. Personally, from the general comments I have heard throughout the country, I think it is generally conceded that the minister has done a fairly good job in connection with an extremely difficult matter.

I must express my appreciation of the courtesy of the officials of the minister's department. When I have had occasion to bring various cases to their attention, I have always found them to be most courteous and willing to go to a great deal of trouble to get files, to supply me with information and so on.

I am rising to speak, Mr. Chairman, because this is a subject which is causing serious concern among quite a large number of my constituents, especially those people who are organized in trade unions. I have had considerable correspondence from a number of trade unions in my constituency and from the interior of British Columbia on the question of immigration. I know the Canadian Congress of Labour and the Trades and Labour Congress of Canada are quite concerned about immigration policy. They are both in support of a planned immigration policy, but are greatly concerned that immigrants should not be brought into this country during periods of unemployment, particularly the winter months.

In addition to that, Mr. Chairman, I might say that a good number of unions in British Columbia are opposed to immigration entirely under present circumstances. That opposition seems to be somewhat unusual, but it is occasioned by a fear on the part of the loggers and the miners that they are going to be unemployed in the year ahead. It is occasioned by quite a large amount of unemployment among miners owing to the closing down of some base metal mines, and the closing down of a considerable number of operations in the logging industry. It is expected that quite a few thousand loggers will not return to work this summer as usual because of the restriction of overseas lumber markets and the lessening of activity in the lumber industry. Hence it is natural that these people should want to protect their livelihood and not want people brought to Canada to fill jobs while they are seeking employment.

In that connection I want to read from a news release issued jointly by the Department of Labour and the dominion bureau of statistics. It is marked "For release 11 a.m., Wednesday, April 22, 1953." From that we can see that it is fairly well up to date. This is April 24, if I can see the calendar correctly. This is what is stated on page 2:

> The balance of the labour force consisted of 172,000 persons who did not work during the survey week and were looking for work. These, along with 12,000 who worked part of the week but also looked for work, make a total of 184,000 who were actively seeking jobs or more work during the week.

And again:

> Applications for employment on hand at national employment service offices on March 19 totalled 407,742, an increase of 6,000 over the figure for February 19 and an increase of 25,500 over the total for March 20, 1952. Although the Canada total increased by 6,000 during the past month, three regions had fewer applications on file at March 19 than on February 19 (Atlantic 400, Ontario 4,300 and Pacific 6,200) while two regions experienced an increase in applications on file (Quebec 16,000, prairie 1,000). Compared with the situation a year ago all regions except Ontario have a larger number of applications on file although the increase is more marked in Quebec

(21,700) and Atlantic (8,800) than in Pacific (7,200) and prairie (6,000), while the decrease in Ontario amounts to 18,300.

It is quite reasonable for unemployed loggers and miners to look with a certain amount of disfavour on the bringing to this country of large numbers of immigrants unless their employment is planned and they have jobs to go to without displacing others. Just a few minutes ago the hon. member for Springfield made some reference to people who have come from Europe to go on farms. I will tell you this, Mr. Chairman. From my experience a very small percentage of those people stayed on the farms. Some of them simply said they were farmers in order to come to Canada, and in some cases they never went near the farm. I have had farmers tell me that the men never turned up, and that in other cases they stayed on the farm for a month or two and then disappeared somewhere in this country. I expect some of them are now running secondhand stores.

Mr. Gillis: Or a hot dog stand.

Mr. Herridge: Or a hot dog stand, as the hon. member for Cape Breton South says. One can well understand the concern of good Canadians over the competition they may experience from immigrants from Europe if these people are brought in here without consideration to the unemployment situation and are dumped on the labour market and taken advantage of by some employer, as they have been by some companies in British Columbia. While good Canadians who served in the last world war walk the streets of Vancouver displaced persons from Europe are taking their jobs at Kitimat and other places. I speak with some heat on this matter because some of these boys have talked to me about this situation, and have written to me about it.

Mention was made previously this afternoon of the fact that Mr. Millard suggested that we can absorb from 280,000 to 300,000 people yearly in Canada. I want to say without any equivocation that in my opinion Mr. Millard is talking through his hat. He does not understand the whole situation. He is speaking, I presume, from his own limited experience. I do not take any more notice of Mr. Millard's statement than I do of one by John Brown, the lumberman in my riding, or one by Tom Jones, the miner in another district. He is simply expressing his opinion. For anyone to suggest that fixed figure for immigration into this country at this time without giving consideration to our changing tempo of economic development, to the changing unemployment situation and to the housing situation as it exists generally in this country, is certainly not speaking with a knowledge of the concern of labour in Canada at this time.

[Mr. Herridge.]

Mr. Gillis: Hear, hear.

Mr. Herridge: I note that I have a "hear, hear" from the hon. member for Cape Breton South.

Mr. Gillis: Mr. Millard probably had not seen the figures that you just put on the record.

Mr. Herridge: Possibly Mr. Millard spoke without a knowledge of those figures and particularly of the situation in British Columbia today. But I am speaking for the miners, the loggers and the workers of West Kootenay, and I have no hesitation in saying what I have said this afternoon. I am sure I speak also for the majority of the workers in British Columbia. I respect the minister for what he has done to direct immigration. It is a most difficult question. We want to receive into this country all the people that we can properly absorb and place in employment, but we do not want to receive into this country people who are going to push Canadians out of jobs and out of housing when housing is in such short supply at the present time.

Mr. Gagnon: Hear, hear.

Mr. Herridge: I am very pleased to hear that I have the support of the hon. member for Chicoutimi. Chicoutimi is very close to Kootenay in pronunciation and I note that we are on common ground in this respect. Immigration policy is a serious matter for a great number of Canadians. I have had Canadian Legion branches write to me about this matter, also trade unions in my district, and other organizations. It is causing particular concern now. I trust that the minister will not listen to some of the suggestions he has heard this afternoon with respect to bringing persons into this country without giving careful consideration to the employment situation and our capacity to absorb them and house them.

Very recently I received a most interesting pamphlet from the international labour office entitled "Organization of Migration into Canada" by V. C. Phelan of the international labour office. I read this with a great deal of interest. It is a very interesting and informative document with respect to migration into Canada. On page 10 I find a paragraph having to do with administration, and I should like to quote these words:

> It is the responsibility of the Minister of Citizenship and Immigration and his department to endeavour to determine in advance the absorptive capacity of Canada for immigration over a selected period, to discover where suitable and admissible immigrants are available, to control the flow and reduce any risk of failure of the absorptive capacity, and to arrange and execute the selection and processing of the prospective immigrants.

That is a very good definition of the responsibility of the minister and the Department of Citizenship and Immigration, and I recognize that it is a very heavy responsibility. They are dealing with so many intangibles and probabilities. I fully appreciate all the difficulties the department has had, but I do urge that the utmost care be exercised in the selection of immigrants. We have brought into this country a great number of good people but in addition to those, Mr. Chairman, I have met some phonies. If I were the Minister of Citizenship and Immigration they would be back where they came from overnight.

I look upon Canadian citizenship as something to be proud of. I have met some people who have come to this country who were most ungrateful for what Canada has done by permitting them to come to this country and giving them an opportunity to live the life of the average Canadian. Therefore I do urge that the strictest selection be made; that we let people come to this country who will fit into our democratic way of life and appreciate the fact that we are giving them a great opportunity by admitting them to this country, and that here they will have an opportunity to live in one of the best countries in the world.

Second, Mr. Chairman, I do urge that our immigration be planned to meet the actual needs of expanding industry and agriculture, and that every consideration be given to the concern of the trade unions with respect to the absorptive capacity of the country. Do not bring people into this country to displace Canadian workers from jobs; do not bring people into this country to displace or compete with Canadian workers for scarce housing and accommodation.

Before I conclude I do want to support what the hon. member for Nanaimo had to say with respect to Chinese immigration. I have had quite a bit to do with them. I see the minister perking up and smiling at me. I have known a good number of Chinese in the interior of British Columbia for a great many years. The Chinese population of my constituency are regarded with affection by the old-timers who have known these people for years. There is something about a Chinese citizen who has been in this country for 20, 30 or 40 years which engenders the respect of Canadian citizens. They have some qualities that are appreciated by Canadians generally, and I support fully the plea by the hon. member for Nanaimo for bringing in the relatives of these Chinese citizens who have resided in this country for a long time. These people are producers. You will never find a Chinese citizen looking for relief or assistance of that kind. You will always find them busy producing goods or performing essential services.

This microscopic examination of Chinese bones with X-rays is in my opinion a bit overdone. What perplexes me, Mr. Chairman, is this. As far as the old age pension branch is concerned they claim you cannot tell the age of a man by X-raying his bones; that you cannot tell whether he is 70 or 75. I suggested that two or three years ago, and they said it could not be done. However, as far as the Department of Citizenship and Immigration is concerned they can tell the age of a man to within three months by X-raying his bones.

I am not blaming the officials for the departmental policies; but I do ask them not to squint too closely into that X-ray when they are looking at the bone structure of Chinese applicants. I am quite sure that in my constituency I have half a dozen who have made application to bring their sons from China, but whose applications have been rejected. From knowing these people for a long number of years I am quite certain that they are telling the truth, but there is this scientific investigation into their relatives' bone structure, and in my opinion it is not always dependable. I do urge that the minister give consideration to this question, and that where there is reasonable proof that these young people coming from China are children of the Chinese people in this country they be admitted.

I may say for the information of the committee that the Chinese in my constituency are very highly regarded. A young man who quite recently came from China to our community came to see me on a Sunday morning in a hotel in Trail. The father was so pleased about the arrival of the boy that he said he wanted to change his Chinese name and name him after me. I said: "That is quite all right, you can call him after me."

Mr. Harris: Why not me?

Mr. Herridge: So if you meet a Chinese boy in Canada who has my name you will understand the circumstances.

Mr. Fulton: Do you say there might be any mistake?

Mr. Stewart (Winnipeg North): That is the story you want to tell.

Mr. Herridge: I do urge that the applications of these good people be granted; and when I say this I know I have the support of the people of the community. These Chinese people are regarded in the community with something bordering almost on affection, particularly those who have had

long residence there. I urge that the applications of these people be looked upon with favour and sympathy.

What I have had to say this afternoon, Mr. Chairman, has been quite brief, but I can assure you and the minister that I have spoken with the endorsation of the majority of the workers in my constituency and the majority of the people whom I represent. We want to see brought to Canada all the people we can support. We cannot live in this great and vast land without sharing it with other people. But we do ask that the greatest care be taken to bring these people in so they are fitted into our economic life and into the communities generally without displacing Canadians, without taking homes from Canadians, and without developing the frictions and the difficulties that arise as a result. When they have come as the result of careful selection and policies of that type, in a very short time they will become good Canadians like the rest of us.

Mr. Browne (St. John's West): Mr. Chairman, the remarks of the previous speaker were so interesting and convincing that I hesitate to draw attention to the contradictions that were so evident in his speech. When he concluded I was not sure whether he was in favour of bringing in people or keeping them out. One thing is sure; he is not in favour of the policy that was enunciated by the minister last night, when he said that the government was fully aware of the need of this country to get more people. He said they were going to do their best to bring immigrants into this country on a very wide basis.

There is no doubt that a country like Canada, 3,500 miles wide and with population only along a railway strip across the country, with a huge hinterland which is still unpopulated, cannot justifiably refuse more immigrants. I do not think any man in his sane and sober senses could argue that way. More immigrants would mean more people to bear their share of taxation and more consumers to consume the enormous production of this rich land.

Take the matter of wheat alone. The people in this country will never be numerous enough to consume all the wheat that the country can produce. Last year this country produced 660 million bushels, which is equivalent to 220 million barrels of flour. In Newfoundland we figure an average of one barrel of flour per year per person; therefore 220 million people could be fed by the wheat produced in this country. If other articles of food were produced in the same proportion this country could support an immeasurably larger population.

[Mr. Herridge.]

The minister said that in pursuance of their immigration program they were going to give priority to wives, children and other close relatives. That is a very humane and understandable position which I think everyone will support. It is the declared permanent policy of the government to make a careful selection, as was requested by the previous speaker. They make a careful selection to try to get people who can be settled advantageously and permanently absorbed into the population. In doing that there has always been a sort of favouritism toward people of Nordic stock, people from the British Isles and from northern Europe. According to the figures in the report of the government a considerable number of people have come in from southern Europe, which I am glad to note. I think it would be a mistake to people this country with selections only from the Nordic races who in some cases have been lauded much too highly.

Then there is the question of continents other than Europe. If the white men have exploited the dark races in the past they have an opportunity now, which I am sure they are not going to use, of permitting the dark races to share in the tremendous riches which the white man has in his possession in the United States, and especially in this country.

Among the races who have been coming to Canada have been Japanese and Chinese. Before the war the Japanese came in annually by the hundreds, but since 1928 at least the Chinese have come in only one by one from a vast population of about 400 million. That continued until 1947, when the government relaxed the strict regulations against the Chinese. Since that time they have been permitted to come in at the rate of 3,000 annually.

The figures indicate that last year, up to March 31, 2,745 persons of Chinese origin came into Canada, and of that number 14 went to Newfoundland. As the minister knows, I have been interested in assisting the wives and children of Canadian citizens of Chinese origin living in Newfoundland to come to that province. If we had received our proportion of the 2,745 total we would have been entitled to 69. I ask the minister to keep that in mind when applications are made by Canadian citizens of Chinese origin residing in Newfoundland who want to bring in wives or children. I ask him to remember that Newfoundland's proportion has been unusually small, and not the number to which we were entitled. I urge him to act as generously as he can under those circumstances.

I know many of these Canadian citizens of Chinese origin who live in Newfoundland.

Many of them are in business, and if wives or sons were brought in there would be no displacement of workers. The children brought in would be able to carry on the business of their parents. I might say in passing that before 1949, when we entered into confederation, no Chinese women were allowed into Newfoundland. They always had to go back to China to get married and their children had to live there, as no children were permitted into Newfoundland. But that situation was changed under the new regulations which came into effect after confederation.

A committee of members of the other place has been discussing this subject. I note from the remarks of the hon. member for Nanaimo and the hon. member who preceded me that this same problem has arisen in different parts of the country. There seems to be a generally sympathetic attitude towards the Chinese. The deputy minister has admitted in the committee of the other place that they make good citizens.

It seems to me that although these people of Chinese origin have lived in pagan communities their outlook is much like our own. They look upon the family as the most important social unit, and they consider the land as the only place where people can be brought up to be good citizens. While ethnically they may be difficult of absorption, because they have a similar attitude to our own, from political and other points of view they can be absorbed advantageously into the community. They seem to be able to fit into the community with no dislocation whatever.

This is all I wish to say, and I apologize if I have delayed the committee.

Mr. Coldwell: Mr. Chairman, I intended to raise a matter on item 60 of the immigration estimates, but since it is unlikely that I shall be here when we reach that item I hope the minister will not mind my raising it at this stage.

Before I do so I should like to say something generally regarding immigration. I have noted the differences of opinion across the chamber with regard to the number of immigrants who can be received and absorbed in this country, where they can be placed and all the rest of it. But I think it all depends on how you look at it and where you come from. If you come from an industrial centre where there is unemployment, you do not want to see immigration. If you come from an area where employment is high and where there are opportunities for settlement, then of course you can see the possibility of absorbing immigrants in quite large numbers.

It is natural that in a discussion of this sort we should have a good many different opinions expressed, even by members of the same political party. What I intended to say in that regard is that what we need in any immigration policy is a plan to settle people. I remember when Miss Margaret Bondfield came over here in 1924 and went across the country to see how British immigrants were being received. She told us in Regina that when these people come into the country there should be someone who had the kettle on to invite them in and give them a good hot cup of tea. That reception, she said, would do more to settle them than almost anything else that could be done for them.

There is a great deal in that. I was an immigrant. I came to this country in February, 1910, and in the years that followed I saw people being brought in by the transportation companies and dumped by the wayside. Fortunately there were free lands in those days that could be homesteaded. We do not have those free lands today, notwithstanding what the hon. member for St. John's West said. We do not have unlimited land on which to settle people. In those days we had large quantities of land, but even then people who came to this country were dumped by the wayside and suffered severe hardships for many years, although ultimately many of them became good citizens and good settlers.

I listened this afternoon to the plea of the hon. member for Vancouver East with which I have the greatest sympathy, as I have for the plea for coloured people made by the hon. member for York South and the plea made by the hon. member who has just discussed the problem of reuniting Chinese families in this country. I noted that the other day we received His Imperial Highness the Crown Prince of Japan with a good deal of honour, and that was the proper thing to do. I recollect that in 1937 we received Prince Chichibu, I think it was, with the same kind of honour when on his way to the coronation of George VI. I believe he was the most expensive guest ever entertained in Canada. We took him all over the country. Four years later we were at war with Japan, but when we came to the war many humble citizens of Canada of Japanese origin were treated in a manner which is a reflection upon the Christian spirit of the country in which we live today.

I think we should rectify that situation, and wherever there are young Canadians who, owing to the prejudice against them, were forced out of this country during the war years and went back to Japan because of the feeling of antagonism engendered against them, we should be prepared to take them back. I doubt very much whether under our

citizenship act we have the right to keep them out.

I think I or somebody else asked a question in the house about that problem of the present Minister of National Health and Welfare, who was at that time steering the citizenship act through the house. The answer he gave led me at least to believe that these people born in Canada, and who had gone back to Japan under pressure, could in all probability come back to this country when things had settled down without any legal difficulties in that regard. I hope I am right in that respect. I have always felt that while we may honour princes and kings, we should at least treat humble citizens who come from the countries represented by these princes and kings as human beings and fellow members of the human race under the fatherhood of one God, if I may say so with all reverence.

What I really rose to say this afternoon was that the department of immigration at times seems to be very tardy in reaching decisions. Whether or not this is due to the fact that the department is inadequately staffed I do not know. I would join with others in the house in saying that any approaches I have made have been met with invariable courtesy. I do not want to be misunderstood in that regard, but on several occasions over the past number of years decisions have been tardy in many instances, and I think unnecessarily so.

Let me illustrate that by reference to a case I have before me at the moment. It is the case of a lady now resident in Montreal who made application to the department of immigration in order that her father and mother might come to Canada. Actually they are living at the present time in Venezuela. Her application was made to the department in the month of January, 1952. Several times since then the department has been approached. The lawyer concerned, whom I know very well—I do not want to mention his name, although I am quite prepared to give the name and also the letter to the minister if he so desires—approached the deputy minister and the inspector in chief in Montreal regarding this case on several occasions and he always got the same answer, namely that the department was still studying the application of the lawyer's clients.

The matter was brought to my attention and I wrote to the minister with respect to this case on March 6 of this year. I got the same answer. In his letter of March 12 the minister said in part:

> In all cases of this nature, it is necessary to satisfactorily complete certain inquiries into the background of the proposed immigrants before a final decision may be reached. In this instance these inquiries were instituted at the time the application was submitted.

[Mr. Coldwell.]

That was some 14 months before I approached the minister.

> While they are progressing, they are not yet complete. All possible steps have been taken to finalize this case with a minimum of delay, and action was again taken recently in order to hasten a decision.

Mr. Harris: What is the nationality of the mother and father?

Mr. Coldwell: At present they are in Venezuela, and I should think by the name that they are Polish. Yes, that is right; this daughter was a Polish immigrant. I know that careful inquiries should be made. In fact I am in favour of it, but I think an effort should be made to speed up decisions so that they may be reached in a period less than 14 or 15 months. That is the point I am making. If the minister does not have sufficient staff, then I think it is up to the house to provide him with the necessary appropriations to get such staff.

I am not complaining about investigations. In fact I would go so far as to say that in some respects I do not think our investigations are comprehensive enough. I do not think people who are opposed to our democratic institutions and our democratic way of life are likely to become good citizens of Canada after they have reached the adult stage. I say that whether they are communists or whether they are not. I have met immigrants who have been admitted to this country who are anti-communist but at the same time they are anti-democratic. I have had some of them tell me quite frankly that Hitler tried to do a good job in Germany, that after all Hitler was not a bad fellow, and that parliament was all right but we did not get things done. Such people should be carefully investigated.

Mr. Herridge: That is the very type of people about whom I was talking.

Mr. Coldwell: When we let people into this country we want to be sure that they are not nazis, neo-nazis or fascists, whether they come from Italy, Germany, Poland or any other country.

Mr. Murray (Cariboo): And no communists.

Mr. Coldwell: No communists, I agree. I think the communist is a danger to our democratic institutions, but the fascist and the nazi are equally dangerous. I am afraid that distinction is not always made by the department of immigration, and that we are in danger of bringing people into Canada who while anti-communist are entirely out of sympathy with our democratic way of life.

I do not say this because I am of British origin, but I should like to see more immigrants from northern and western Europe,

from Norway, Sweden, Denmark, Netherlands, France and the United Kingdom, people who for centuries have had the background of our democratic institutions and understand our democratic way of life. If we do not get a little leaven to leaven the lump we are bringing in, some possessed of anti-democratic points of view, then we are going to find it difficult to maintain our democratic institutions in the years to come.

I want to say that to the minister because I believe it implicit that as far as possible we should encourage immigration from countries where there are democratic institutions, where they understand our democracy; and we should be careful that we do not bring into the country too large a proportion of people—I was going to say "any people"—who are not conversant with the ways of life that we call the democratic ways of life in the country in which we live.

The two main points I wanted to make were, first, that we might speed up these decisions because it is rather painful for people who are in this country to make pleas time and again to get their relatives in, provided they are acceptable in the sense which I have indicated. Second, I think much more care should be given than has been given to seeing that not only are communists kept out of the country—I know there is careful screening of communists, and I approve of that screening—but let the people who are imbued with the ideas of the fascists and the nazis be equally carefully screened before they are admitted to this country.

I think that immigrants properly settled in this country under a proper plan can contribute to the welfare of the country, of themselves and of the world. I have no sympathy with those who say that we are going to bring these people in to share our tax burden and consume our production; because these people are going to increase our taxation if we build schools and other facilities necessary for them, and they are going to increase our production. Probably they will balance gains and demands and we shall get no advantage, but when we are planning to build a nation in this country let us try to build it on a thoroughly democratic basis.

Mr. Hansell: I shall only detain the committee for a minute or two, and perhaps the line of thought I shall follow will be somewhat different from the speeches that have already been made.

I wish to make two particular observations. First I would like to express my appreciation to the minister himself for the efforts he has put forth in the individual cases which I have brought to him in the past. I believe that perhaps all members might be able to say the same thing. He has cared for any cases which I have brought to him, not as rapidly as I might have expected sometimes, but if cases have to be put before other governments we can excuse some delay. I have one case pending at the present time which I will not bring up here but I will take it to the minister personally and I am sure I will receive his attention on that case as I have received it in the past.

The second observation I wanted to make is in respect to a recognition by our Canadian people of the importance of their citizenship, and of obtaining some documentary evidence of it. I say this particularly in regard to any of our Canadian citizens who may be thinking of going abroad as tourists or for a few months of study. I have in mind those of my own profession who may be expecting to go to some other country on some missionary project or work. I know that such people are not numerous, but I have had some little experience with cases of that kind and I am quite certain that our Canadian citizens do not recognize the importance of having some documentary evidence of their Canadian citizenship.

Perhaps such importance is secondary in the minds of our people because it is something that does not touch their everyday life. Only when they get into difficulties do they begin to realize that they have not paid the attention which they should have paid to that matter. It is easy for young people having some idea of study, or world travel, or going to some other country as a missionary or teacher or something of that kind, to think they can do all sorts of things in their travels and then, in the end, they find they are in difficulty.

I know a case where a young gentleman left Canada to go to the United States to take up some studies. After taking his studies he did some professional work, and while in the United States he married. In the process of time he went over to China and spent a considerable period there. When certain circumstances in China meant that he had to leave he went to Africa because there was some Chinese work in Africa which he had an opportunity to take on and be of some service. The upshot of all this was that he found some difficulty in the first place in respect to the fact that he had married a young American citizen. There was some complication in respect of what her citizenship was and what her status was in some of these other countries. By the way, the young man himself

was born in England. Now he finds himself without a domicile and the only thing which he has to prove any citizenship at all is his birth certificate, and that sometimes does not prove anything. A birth certificate proves that you were born, but I do not know whether you need to have proof of that.

What I am trying to put over to the minister is that Canadian citizens should not regard these things lightly. You cannot travel all over the world from one country to another and to another and then another and stay for periods of time without having some difficulties. That is not the fault of the minister and it is not the fault of our legislation. It is the fault of people themselves because they do not realize the seriousness of their responsibilities in this respect.

I was talking to a gentleman some time ago and he told me that when he was a young man he was a colonel in Her Majesty's imperial forces. I suppose he served in Queen Victoria's day. He said he was sent out to India and that he travelled around the world and went to every country of the British commonwealth, and all he had for identification was a birth certificate. He said that a little while ago he took a similar trip around the world and that they fingerprinted him, photographed him, took blood tests, vaccinated him and detained him. He said sometimes he did not know whether he was going to be put in jail or whether he would ever get back. That indicates the situation now.

The Deputy Chairman: It being five o'clock, the house will proceed with the consideration of public and private bills.

PRIVATE BILLS

SECOND READINGS—SENATE BILLS

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

Bill No. 342, for the relief of Hanus Braun, otherwise known as John Browne.—Mr. Winkler.

Bill No. 343, for the relief of Hazel Loisette Robinson Darby.—Mr. Winkler.

Bill No. 344, for the relief of Pearle Elizabeth McLeod Martin.—Mr. Winkler.

Bill No. 345, for the relief of Suzan Klamka Migicovsky.—Mr. Winkler.

Bill No. 346, for the relief of Olive Margaret Searle Pfeffer.—Mr. Winkler.

Bill No. 347, for the relief of Alfred Roger Holder.—Mr. Winkler.

Bill No. 348, for the relief of Joseph Willie Brais.—Mr. Winkler.

Bill No. 349, for the relief of Gladys Ola Taylor McLellan.—Mr. Winkler.

Bill No. 350, for the relief of Freda Smolar Brown.—Mr. Winkler.

Bill No. 351, for the relief of Marguerita Downie Couture.—Mr. Winkler.

Bill No. 352, for the relief of Howard Douglas Wardle.—Mr. Winkler.

Bill No. 353, for the relief of Rose Brownstien Lazarus.—Mr. Winkler.

Bill No. 354, for the relief of Rebecca Bowman LeFloch.—Mr. Winkler.

Bill No. 355, for the relief of John Stewart Hannah.—Mr. Winkler.

Bill No. 356, for the relief of Harold Speevak.—Mr. Winkler.

Bill No. 357, for the relief of Rita Rabinovitch Abrams.—Mr. Winkler.

Bill No. 358, for the relief of Marcel Roland Veilleux.—Mr. Winkler.

Bill No. 359, for the relief of Mary Gordon Wilson LaForest.—Mr. Winkler.

Bill No. 360, for the relief of Lionel Jobin. —Mr. Winkler.

Mr. E. G. Hansell (Macleod): I do not know that I want to enter into any particular discussion of these private bills, but I should like to say that at five o'clock I was talking about citizens being detained, when I found myself not only detained but cut off. I just rise now to say that once again this year I want to protest this method of dealing with divorce bills.

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

SUPPLY

The house in committee of supply, Mr. Beaudoin in the chair.

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

57. Departmental administration, $280,729.

The Chairman: The committee is considering the first item under citizenship and immigration. Perhaps at this time I should tell the hon. member for Macleod that at the time he was interrupted it was shortly after five o'clock. Under the rules we have to proceed to the consideration of private and public bills at five o'clock, and if he was interrupted at one minute past five he could not reasonably claim that he was cut off. I thought perhaps we should have that understanding.

Mr. Hansell: Mr. Chairman, I was just making a little pun to indicate the difference between being detained and being cut off. I am not complaining. In fact I had forgotten that it was Friday. We work such long hours around here that one loses track of time. I was asked how I put in my week ends and I said that on Sunday morning

I went to church, and I worked the rest of the day. I work all day Saturday, and I do not always keep a record of whether it is Friday, Saturday or any other day. I was completely surprised when Your Honour left the chair and informed me that the hour for private bills had arrived.

I do not know that I need to go any further with what I was saying. I should like to ask, however, whether or not any effort has been made to bring to the attention of our Canadian people, particularly those in our universities, theological colleges and other schools, the seriousness of the responsibility that is theirs. I do not think it is a government responsibility necessarily, but it is a responsibility that every individual, as a Canadian citizen, should take upon himself. The citizenship and immigration laws throughout the world are extremely complicated. They are not uniform, and people are not always cognizant of those things.

I recall that during the war I was a member of the committee on defence regulations. It may not have been that committee, as I am trusting to my memory. I believe that Dr. Coleman or some official from the state department or immigration department was a witness at the time, and he told the committee that the immigration or citizenship laws of the various nations were not uniform. He gave an illustration to show that it was possible for a person to be a citizen of about seven countries at the same time. That seems almost incredible, but it was an illustration of how complicated the citizenship laws of the different countries were. They were not uniform. I am not blaming anyone for that. It just cannot be helped, but I believe the citizens of our country should know that. They should be told that when they go abroad to study they should have their citizenship papers, their birth certificates and everything else in order before they make a move.

I am wondering if the department could not do something toward informing the people of this situation. I know the department has published small booklets on citizenship and they are very fine booklets. I have given some of them to students at times, but I think they are published primarily for the information of immigrants who come to this country. I am wondering if it would not be a good idea to have some display advertising occasionally in some of our daily newspapers and the more widely circulated magazines. These advertisements could be in a sort of interrogative fashion. They could ask, how do you know you are a Canadian citizen? Have you got your certificate? Are you going abroad? If so, make sure that you have proof of citizenship. Something of that sort might be helpful. I am passing these suggestions along to the minister for what they are worth.

Mr. MacLean (Queens): There are a few remarks, Mr. Chairman, I should like to make on this item. I have noticed that most of the speakers thus far have put the emphasis on immigration, and I think rightly so. However, there is one suggestion I should like to put on the record concerning citizenship. As has already been said, the department has published an excellent series of little booklets. I was especially struck with the value of one entitled "Our Government", which describes how we as a people are governed at the federal, provincial and municipal levels. I suppose it is a booklet gotten out primarily for immigrants coming into the country, but it is something that would be of great value to many native-born people.

As to the processes of our government and what democracy means, and as to the need for preserving and hanging on to what we have in that regard, the ignorance of the Canadian people is abysmal, in some cases at least. I would suggest to the minister, if it has not already been done, that consideration might be given to sponsoring a film to be made by the national film board and following closely that little booklet called "Our Government". I think such a film would be of great value to the Canadian people in general. That is something that has perhaps already been done or is being considered; but if not, I think it might be worthy of consideration.

That is all I have to say on the question of citizenship, Mr. Chairman, but there are some remarks I should like to make with regard to this vast and thorny problem of immigration. I sympathize with the minister when he finds himself confronted with this problem because it is of vast importance and significance. I say that not because I think it is, in a selfish way, something that concerns us as a nation, and that in some way we would be better off if we let people come in or if we kept them out or if we let certain groups come in and kept others out. It is a greater question than that. After all, here we are, about 14½ million people, sitting on a vast area of this earth's surface which is blessed with a great abundance of minerals and forest wealth and great areas of fertile soil. If we ourselves do not voluntarily do something about sharing this abundance with the populations of the world, the time may not be far away when we shall be forced, by drastic means, to share our vast natural

resources. We, as a nation, cannot indefinitely retain this dog in the manger attitude about our resources.

Someone may say, "Why suddenly this problem? After all, civilizations have been going on for thousands of years. Why, all of a sudden, in the last 50 years or the last 10 years, should a shortage of this world's goods suddenly be created?" The answer is very simple. At the present time the population of the world is increasing at the rate of about 60,000 per day, net increase. In other words, every day we get up it means that the world has to supply the means of livelihood for about 60,000 new people; that is for a net increase of about 60,000.

That situation is created partly by the advances of science in the last number of years. In earlier times populations did not increase rapidly. Owing to plagues, famines and wars, the population of most areas of the globe remained fairly constant or even declined. At the time of the fall of the Roman empire the population of Europe was estimated to be about 100 million. In the 15th century it is estimated that that population had dropped to about two-thirds of that number. That drop, of course, was caused by pestilence, famine and, as I said before, disease.

For instance, during the black death at least a quarter of the population of England died off in one year. During the last century in Ireland alone it is estimated that a million people died of starvation. That happened in the small country of Ireland. In the last 100 years at least 100 million Chinese have died of starvation. A few simple scientific advances have cut down the death rates and the natural forces which kept the human population down. That fact is strikingly illustrated with regard to the British race. I am now quoting from a book called "Human Fertility" by Cook. At page 54 of that book it is stated:

> In 1650 there were only six million people living in the British Isles. Today they are represented by a multitude of descendants on every continent . . . In 1950 the descendants of the six million on the British Isles of 1650 showed a twenty-six fold increase, distributed in the following countries;

United Kingdom	50,300,000
Ireland	2,900,000
United States	84,000,000
Canada	7,425,000
Australia	8,000,000
New Zealand	1,000,000
Scattered in Asia, Africa and the islands of the sea	5,000,000
Total	158,625,000

So in that period from 1650 to 1950, which is 300 years, you have a population increasing from 6 million to 158 million as the result of natural causes alone.

[Mr. MacLean (Queens).]

The simple sanitary advances have caused the natural increase in the population to accelerate at a terrific rate. Even if that acceleration did not increase further beyond its present rate, and the current increase of one per cent per year were to continue for only the better part of a century, the numbers would have more than doubled in 75 years. This is the way the world population would multiply in two centuries. In 1950 the world's population was about 2·3 billion. In 70 more years—that is by 2020—the population will have doubled to 4·6 billion, and so on. So in 200 years from now the population of the world, at its present rate of increase, will have reached over 18 billion.

We should therefore recognize that there are, in the other parts of the world, large and increasing pressures of populations demanding living room or living space. I think it is childish for us to expect that we with our meagre population, can hold out against that pressure for any length of time.

As I say, Mr. Chairman, I do not look on this problem of immigration as merely a national or an international one. It is a world problem that must be tackled with courage of a high level. The amount of productive land in the world is small. The hardships and privations which are caused by the lack of food and living room are greatly accentuated if the populations, as they exist, are not reasonably evenly distributed over the productive areas of the world. For instance, in the case of China it has been estimated that 100 million Chinese have died of starvation during the past century. There is little likelihood that we have seen the end of famines. China possesses less than one-half acre of arable land per person. That briefly is the situation in the more densely populated parts of the world.

As I said, of course, this becomes a multilateral problem, a problem which must be tackled by this nation on the one hand and the other possible sources of immigration on the other. It is all very well for a person to point out the difficulties and not suggest any cure. I am not going to suggest that I know the answer, or anything of that sort. But I am justified in pointing out the problem and perhaps making some suggestions which might be used as a point from which we should do some thinking.

This is not a problem which concerns Canada and any other single country. I should like to take as an illustration the problem as it exists between Canada on the one hand and the United Kingdom on the other, merely as an example. I am not suggesting that the United Kingdom is the only suitable source of immigrants, but I should like to take

the United Kingdom as an example of the situation. In the United Kingdom, as everyone knows, there is a shortage of natural resources of every kind. On the other hand, in Canada we have an overproduction of certain goods, especially agricultural production. We are faced with the problem of selling this surplus in other countries overseas, or not selling it at all. That leaves us with the cost of transportation, adding that much more to the cost of our production of food.

In the United Kingdom you have a very large population without sufficient raw materials, or sufficient land to supply its own food. In both instances you have an unbalanced economy; but you have an economy that is out of balance in opposite directions. I would suggest that the economies of both countries could be brought more nearly into balance if we could look at this problem as a real and vital one which concerns the whole world, and the western world especially, and as one of prime importance. It is not a case of bringing in a few people to increase our population or to make some good-looking statistics. It is a vaster problem than that; it is a problem of the redeployment of population to the best advantage of all concerned.

Therefore, Mr. Chairman, I suggest it would be to the common advantage if a large percentage of the population of the United Kingdom and of course other countries—I use the United Kingdom only as an illustration—could be transplanted to the vast empty spaces of the world. The obvious places of course in the case of the United Kingdom are Canada, South Africa, New Zealand and Australia. You will say immediately that is not practicable; it cannot be done readily. The problem is such that we must face it with courage, with energy, and look in every possible direction to find the solution.

In the case of the United Kingdom and its food production I quote from a book called "The Next British Empire" at page 77:

> The area of the United Kingdom is 60,153,371 acres, of which about 9 million are agriculturally unproductive. We are therefore using some 51 million acres to produce food in one way or another; and that food amounts to about 38 or 40 per cent of what we consume. My estimate, therefore, on a pro-rata basis without examination of details, could have been as high as 77 million acres, and it is indeed arguable that the United Kingdom is agronomically over-populated to the extent of needing that much additional territory. But we will be satisfied with claiming 69 million only. That means, since we can't get them from the surrounding ocean, that to adjust the balance, the population of the United Kingdom ought to be reduced. By rule of three, seeing that the present population of 47 million would be soundly established as an agronomic unit on 129 million acres, the proper number of inhabitants for our inexpansible 60 million acres is no more than 22 million.

In other words if the United Kingdom were to become self-sufficient as far as food is concerned, of course there would still be exports of certain types of food and importations of other types, but on balance if the United Kingdom were to become self-sufficient as far as food production is concerned, it would have to reduce its population to 22 million people.

If we were to embark on a really large scale redeployment of population we would of course be faced with a lot of problems. The first and obvious one is the fact that if a person is an immigrant arriving in a country he is also a migrant when he leaves his former home, and the problem of migration is a very real one. It is obvious that in the economy of a country where the population is expanding, which means that a large percentage of that population is young and virile, things tend to be buoyant and there is expansion. On the other hand, where the population is stationary, as in France, or declining as it is in Ireland, certain problems occur.

That applies not only to nations but to provinces. For instance, the population of my own province of Prince Edward Island has remained practically stationary for the last 80 years, and that has created problems that make the development of our province, so far as roads and that sort of thing are concerned, very expensive, and place on the population a high per capita debt. That siuation arose partly because as a province we were not allowed to expand. The three maritime provinces were the only ones that did not acquire large areas of unorganized territory at one time or another, and we had that problem of limited resources and a population which did not increase.

We are going to have the same problems in these countries from which immigrants are going to come. The countries which are acquiring these new citizens should recognize that they are the beneficiaries of the migrations, and they should have certain responsibilities as far as the country which is supplying the immigrants is concerned. For example, in the United Kingdom the per capita debt is something like £514, which is a very heavy debt. Related to that problem, of course, is the problem of convertibility of exchange, which places another impediment in the way of migration. That has already been mentioned. I do not think it is coincidental that the sterling area is, generally speaking, the overpopulated area of the world, and the dollar area is the underpopulated area. I think that situation

exists, and the pound is not convertible into dollars merely because in the dollar areas of the world our population density is not high and our per capita production for labour expended is higher. I simply point out these impediments and difficulties. I am not intending to say that it is an easy problem to solve. It is a problem that will require real energy and foresight and imagination.

I thought perhaps a suggestion of this kind might have some merit. If the United Kingdom were to undertake to supply one million immigrants to this country over a period of years, we as the country receiving them should recognize some responsibility. We must remember that for the most part they would be young, productive people. We should realize that the country which produced those people would have used up certain potential resources in order to give them to us. We should also recognize that for every million people who migrate from the United Kingdom an extra debt of £514 million is placed on the shoulders of those who remain behind.

I think some system could be worked out whereby we as the country receiving these people might assume a fraction of their per capita debt in the country they were leaving. A fund of credits could be set up for that country. That may seem ridiculous to some people, but we have made loans to sterling area countries to permit them to purchase food, machinery and so on in the dollar areas. That was done without any logical or businesslike basis. I think perhaps a relationship between immigration and these loans or grants could be arrived at so that the United Kingdom, for example, would have a dollar buying power to permit them to purchase food, wheat, cheese and many other commodities of which we have an oversupply and for which they could provide great markets.

I throw that out merely as a suggestion or a point from which some thinking could be done. I do not propose it as a policy of my own or of any party or group or anything of that sort. I use it as an illustration to substantiate my belief that this is a problem which requires really advanced thinking. We must face up to it. If we do not the consequences are going to be most unfortunate.

I think the accent should be placed on bringing industries to this country, or even transplanting whole towns along with the skilled labour concerned. Those could be taken from overpopulated areas and relocated in the vast empty spaces of this country where the required raw materials might be readily available. That would get us away from the present system under which we try to bring in agricultural labour or those who will settle on the land. We must remember that that is a difficult thing to do. To begin with, the days when a family could push off into the wilderness and carve themselves a new home with no other capital than a couple of oxen and a few primitive agricultural tools are gone for ever. It takes a great deal of capital to establish yourself in agriculture at the present time.

You are trying to do the impossible when you try to force people into agriculture against their will. The reason it is difficult to keep immigrants on the land is that farmers cannot pay them wages comparable to those paid in the cities. There is no equal opportunity in agriculture. The opportunities in agriculture for those already on the land and their families would be greatly enhanced if home markets were built up by the creation of new towns in sparsely settled areas.

It may seem rather unusual to refer to new towns, but even in the United Kingdom they recognize that it is not a good thing to have your population crowded into a few large cities. That is even truer of this country. We should try to organize our economy so that our increasing population will find homes for themselves in new locations spread more evenly across the whole breadth of our great country.

At the present time the population of a few large cities is increasing at a very rapid rate. This creates many problems in the way of traffic congestion, the creation of slums and the vital problem of creating the most attractive atomic bomb targets that could exist on the face of the earth. These are things we should try to avoid. Therefore I think something should be done to have our immigration funnelled into new locations where it could be leavened by native-born Canadians to bring about a uniformity in culture and way of life.

I have already quoted from a book called "The Next British Empire". This was written before the last war by a forward-thinking Englishman who had foreseen most of the difficulties with which we are now faced. He suggests a cure for those difficulties, and in one place he says:

> Up to the present our dominions have shown an understandable but somewhat exaggerated fear of having their standard of living lowered by any large influx of cheap labour. But why cheap? Simple because, if the labour arrives before the jobs, wages will naturally fall. But if the courage of manufacturers first creates a demand for workers, as it has to the west of London, all the subsequent march of labour to that point does not upset the market and create depression. London, in spite of having absorbed over 1,000,000 provincial newcomers since 1921, has a lower percentage of unemployment than any other manufacturing

region of the United Kingdom, yet its immigration capacity is infinitesimal compared with that of Canada. And London has really far fewer geographical foundations for industry than many undeveloped ore fields of Canada. London has to fetch all raw material from a distance. The only irresistible attraction she offers to industry is the paradoxical one of a gigantic market consisting of a population who live chiefly by taking in each other's washing. That shows you can attract industry merely by dumping population—and capital, be it tirelessly repeated—in a readily accessible spot.

Canada abounds in accessible spots. The Romans, with their eye for nodality, could have picked out hundreds of first-class sites for towns in Canada, had they ever got the chance. We could surely do something of what they did when Britain was virgin soil, and of what Russia, but recently a primitive illiteracy, is now doing to open up vast tracts far less hospitable than are latitudes 50° to 60° in North America.

Then he goes on to say:

I stress the need for new towns in Manitoba, Saskatchewan and elsewhere, because merely to group fresh population round the existing markets of Montreal, Quebec and Toronto would be to repeat the elephantiasis of London. Ultimately Canada would not thank us for that. We have no right to batten on what the Canadians have already created for themselves. There are enough fresh sites and fresh opportunities for us to settle down beside the Canadians and not on top of them.

It has already been said that the large-scale migration of British Islanders to Canada would not tremendously increase the agricultural production of the dominion, because the majority of the immigrants would not and could not work on the farms. The chief effect on the Canadian farmer would therefore be to bring his market nearer to him—against which process he ought not to object.

That sums up the views I have been trying to place before the committee. I make these suggestions merely that they may serve as the basis for further thought with respect to the great and thorny problem of migration from the overpopulated areas of the world to the underpopulated.

Mr. Bater: I know the minister is quite anxious to be getting along with his estimates and I do not intend to take very much time with my remarks, but only once in going through life do we celebrate a fiftieth anniversary of almost anything, whether it be our birthday or our marriage. I have been listening this afternoon and I have heard the words "emigration" and "immigration" several times. It recalls to my mind that on the 31st day of March, 1903, I became an emigrant when I sailed from Liverpool and on the 12th of April following I became an immigrant when we landed at Saint John, New Brunswick.

I want to take this opportunity of thanking the minister and the officials of his department for procuring for me a photostatic copy of the passenger list of the S.S. *Lake Manitoba* which sailed from Liverpool on March 31, 1903 and arrived at Saint John, New Brunswick, on April 12, 1903. On page 20 of the list there are three names among many others. The first of the three I am going to mention is William Bater, age 39, tobacconist. That was my father. The next is Master Bater, age 14, my brother, who is still farming in the district where I farm. The next one is Master Bater, age 11, who happens to be myself.

I promised that I would only be a short time, but before sitting down I should like to read an extract from the Montreal *Gazette* of April 12, 1903. The dispatch is from Saint John, New Brunswick, and reads as follows:

Four special trains, carrying the Barr colonists, numbering 1,960, left here today for the Saskatoon district, where the new Canadians will establish homes and cities. The party, which is declared to be the greatest emigration from England since the departure of William Penn, arrived Saturday morning on the steamship *Lake Manitoba*, whose cargo of humanity was packed like fish in a box. The colonists bring with them half a million pounds sterling. They are probably the finest body of men, women and children that ever landed here. Lawyers, doctors, clergymen, merchants, aristocrats, farmers, clerks, artisans, domestics, tradeswomen and labourers are included, besides babies by the score. On the passage, which occupied eleven days, there was not a death or a case of serious illness on the congested ship. Reverend I. M. Barr, the organizer of the party, is a brisk businesslike man who is full of enthusiasm over the prospects of his scheme. He says 1,500 more colonists are to follow, and that 10,000 will come next year.

With respect to the last two words "next year", that never did come about so far as the Reverend Mr. Barr was concerned because he left very shortly after reaching Saskatoon. As you know, many of the colonists rebelled against him and the colony was taken over by the Reverend Mr. Lloyd after whom the town of Lloydminster was named. This summer at Lloydminster, which is a great oil town on the border between Alberta and Saskatchewan, a celebration is going to be held in connection with the fiftieth anniversary of the Barr colony. It was in the district surrounding Lloydminster that the government along with the Reverend Mr. Barr and Mr. Lloyd had picked out a certain number of homesteads to be taken up by the Barr colonists. I have no doubt that the hon. member for Battle River and myself will be playing a small part in that celebration this summer.

Much has been said about immigrants coming to Canada. Last summer on our farm we employed a young couple who had come to Canada some two years ago through the minister's department. The young man was accustomed to farming in Great Britain. He had served his time in the British navy in the last war, and he brought his young wife and child with him. He spent his first year on a farm just north of Toronto and

then wanted to go west. He has been with us on our farm for approximately twelve months and I can say that he has been very satisfactory. He was accustomed to farming in England, and I think he is going to make a real good citizen of Canada.

Mr. Fair: Mr. Chairman, my name is not included in the list just referred to by the hon. member for The Battlefords, but I may say that I arrived in the real home of the Barr colonists, the town of Lloydminster, on January 10, 1914. At that time it was a rather small town, but today it is one of the most progressive in Alberta or in Canada. There is a group of businessmen there who have been building up their businesses, and at the present time the town has a population of considerably more than 4,000. I think what they have done is a credit to these people.

I only wish time would permit the hon. member who has just taken his seat to relate some of the experiences of the men and women who came here in 1903. It would be well worth while, because none of them were experienced farmers. They were businessmen who had been engaged in different lines of business in the old country, and they have certainly made a contribution to the welfare of Canada. Around Lloydminster they have cleared thousands of acres of land and are growing millions of bushels of grain. Now we also have oil developments there. The Canadian National is being supplied with oil for its diesels, and oil is also being supplied for many other purposes including the production of roofing and road-building materials.

I did not want to let this moment go by without adding my words to those of the hon. member for The Battlefords. It is really amazing to see the progress that has been made there in a short time.

The Deputy Chairman: Shall the item carry?

Mr. Fulton: Before it carries, I wonder if the minister would now care to make a reply to the general statements, and then we could get on with the questioning on the detailed items.

Mr. Harris: If we might carry the general item, I could then speak first on the first item of immigration.

Item agreed to.

Citizenship—

58. Citizenship registration branch, $195,964.

Mr. Fulton: Mr. Chairman, this is the first item dealing with citizenship and there are a number of questions.

[Mr. Bater]

Mr. Harris: I will make a statement on citizenship; or do you want to go ahead?

Mr. Fulton: I should be glad if the minister would make a statement.

Mr. Harris: Mr. Chairman, I would like to take a few moments to speak about citizenship, and I shall do my best to make it very short.

In presenting the estimates of the citizenship registration branch of the department for consideration of hon. members, I am glad to report that all signs point to a growing awareness of the value and responsibilities of Canadian citizenship. As hon. members know, this branch of the Department of Citizenship and Immigration is responsible for administration of the Canadian Citizenship Act with the exception of those two sections which provide for citizenship training and naturalization court proceedings. The branch is also the custodian of all records under the act and is the agency which issues all certificates of citizenship.

Considering the very great increase in immigration to Canada since the end of world war II we would naturally expect a substantial increase in the number of applications for Canadian citizenship. This, of course, has not yet occurred because of the fact that an immigrant must be a resident in Canada for five years before he can apply for citizenship.

Declarations of intention which precede the actual application for citizenship are, however, showing an encouraging increase. In 1952 these totalled 13,323, exceeding by some 4,000 the total filed in each of the previous five years. I anticipate that this trend will become more noticeable, for in recent months the number of declarations of intention filed with the department has shown a substantial increase each month over an average of any of the months since the citizenship act came into force. I would suggest that this increasing interest is an indication that the program of training in citizenship which has been in operation since 1947 is beginning to show results.

I would draw particularly to the attention of hon. members the interest in citizenship shown in recent months by various veterans organizations across Canada. Not only are these organizations taking the lead in helping to create a greater awareness of Canadian citizenship but the members are also, as individuals, applying in increasing numbers for their certificates of proof of Canadian citizenship which are available to ex-service men and women without charge. I have had the very great pleasure during the past year

of participating in several ceremonies where practically the complete membership of a veterans' organization has received certificates.

In addition to the veterans' organizations, members of Canadian service clubs are also showing a very great interest in this worthwhile work.

It is worthy of note that, among the largest ethnic groups to receive certificates of Canadian citizenship in 1952, were 1,281 persons of Polish nationality. A large portion of these were the Polish veterans who were among the first of the immigrants to be admitted to Canada after the end of world war II. They were men who fought bravely in Italy and in our own Canadian corps in northern Europe, and who cast their lot with the free world when their own country passed into the sphere of communistic domination. I am glad to pay tribute to the manner in which these men are assuming the duties of citizenship in Canada.

In submitting the estimates of the Canadian citizenship branch, I should like to emphasize the role played by the branch in the integration of newcomers. The branch works closely with national and local voluntary organizations and has assisted in the creation and development of some 50 citizenship committees in various cities and towns across Canada. These committees, which include representatives of various ethnic groups, co-ordinate the activities of local organizations that are engaged in the promotion of "civism" and particularly in assisting new Canadians to adjust themselves more rapidly to life in Canada. They have done valuable work and I welcome the opportunity of expressing the government's appreciation of the assistance they have given—and I am sure that I can add the appreciation of the house as well.

At the request of national and local voluntary organizations, the branch has also assisted in developing general citizenship programs embracing such themes as the responsibilities of citizenship in a democracy, the problems of newcomers and language and citizenship classes.

With reference to the latter subject, as announced previously to the house the department has offered to pay to the respective provinces a sum equal to one-half of the amount expended by the provinces themselves in respect of language and citizenship classes for immigrants. The citizenship branch will be responsible for completing the necessary agreements with the respective provincial authorities under which the grants will be paid, and for the administration of such grants. It is recognized that instruction in language and civics contributes much toward the rapid integration of newcomers and the proposed grants for this purpose should be of material assistance in the further development and extension of such instruction.

At present the department, through the citizenship branch, offers free of charge to the various departments of education and other agencies conducting language and citizenship classes all of the necessary teaching materials. These include language texts in both French and English as well as the citizenship series booklets on the geography, history, government and resources of Canada. A fifth booklet in the series on our transportation services has been completed and will be available for use in the near future.

The branch has also produced a series of film strips relating to the geography, history, government and resources of Canada that have been well received and widely used in citizenship classes. In fact, up to the end of last year, over 12,000 prints of these film strips have been sold by the national film board. A further series of film strips on the development of our transportation services is nearing completion, and will soon be available.

The integration of newcomers requires the assistance and support of all citizens and particularly of national and local voluntary organizations. It is intended, therefore, to hold this spring or summer a national seminar on the subject of integration. It is hoped that all aspects of the problem will be explored at this seminar and recommendations made that will lead to further action required to accelerate the integration of newcomers and ethnic groups.

Mr. Fulton: Mr. Chairman, perhaps before we start questioning the minister on citizenship you might call it six o'clock.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Fulton: Just before six o'clock, Mr. Chairman, the minister had concluded his introductory statement on the citizenship branch of his department. There are some questions I should like to ask him concerning the work of that branch. I do not very often throw bouquets around, and I am only going to throw a small one tonight, but I should like to say that I think the department is working along very sound lines in the efforts it is making to convince new Canadians that

they are welcome in Canada, and also in the efforts the department is making toward giving them a sense of what Canada means and the opportunities and advantages which will be theirs when they acquire Canadian citizenship.

On reading the last annual report of the department I have been quite impressed to find an outline of the steps that have been taken in that connection. One thing which does concern me, and it was touched upon by the minister in his statement, is the extent to which the applications for citizenship appear to lag behind the number of immigrants admitted into Canada during the post-war years. The last annual report covers the fiscal year ended March 31, 1952. At pages 16 and 17 it shows that during the fiscal year 19,833 certificates were issued and 8,845 declarations of intention were filed. Since 1945, that is for the last five years, there have never been less than 66,990 immigrants admitted. It takes an immigrant five years to acquire Canadian citizenship; therefore I think it can be seen that these approximately 20,000 certificates represent a small percentage when compared with the 66,000 immigrants admitted annually. This indicates that there is a substantial number who have never acquired Canadian citizenship and who have not yet filed their declaration of intention to do so.

When you find that there are only 8,845 declarations of intention to acquire Canadian citizenship, and compare that with the figure of 66,990 immigrants in 1947 and 79,194 immigrants for 1948, it seems to me that the problem becomes one of major importance. The minister did touch upon the matter. He said the department was encouraged by the increase in the number of declarations of intention filed during the current calendar year. My information, of course, comes from the last annual report which covers only the fiscal year ended March 31, 1952. I would appreciate it if the minister would say a word or two more on this subject.

I believe my question is well founded. Is there not a disturbing shortage of applications for citizenship and declarations of intention to apply for citizenship being filed, in comparison with the number of immigrants admitted? What positive steps is the department taking to carry forward the work of impressing upon the potential new Canadians to an even greater extent the importance and desirability of becoming fully qualified Canadians citizens by obtaining certificates of citizenship?

[Mr. Fulton.]

Mr. Harris: The hon. member has pointed out that there were about 66,000 immigrants in 1947, but I think I would say there were 64,000 in that year. Of those about 38,000 were from the United Kingdom. Our experience has been that those people do not very often apply for citizenship certificates, that is the percentage is not as great as in other cases. This leaves something like 26,000, and of those it may be said that some 8,000 have applied. Of the 27,000 a good many would be infants, who would have to be taken into account in that figure of 8,000 declarations of intention. I am not suggesting that those who declared their intention during the last year were, in all cases, 1947 entrants.

We are concerned that we do not get into the position which was mentioned by one hon. member, of having people wait a good many years to take out their citizenship papers. We have no means of imposing any restrictions on them if they do not, and we have not any form of sanction that we could impose. On the other hand, it is our thinking that during the calendar year 1953 the 1947 group will have run over the five-year period. Of course many people put things off, and they do not apply at the first possible moment. We think that as a result of the experience we have this year we will be able to judge much better what people will be doing with respect to citizenship. If there are any steps that can be taken after this year to draw to the attention of a newcomer of 1947 or earlier that he has now had the opportunity and we should like him to take advantage of it, we shall certainly do so.

We feel that with municipal corporations, provincial governments and our own government contributing in some form, together with the voluntary organizations doing so much good work in welcoming these people to Canada and into these little societies, looking after them at night schools, and so on, these people should, in all conscience, take the earliest possible opportunity of applying for Canadian citizenship.

Mr. Fulton: In connection with that subject, what steps are being taken to impress upon the new arrivals the desirability of becoming citizens? I noticed in the annual report at page 10 a paragraph dealing with the distribution of film strips which are made available for citizenship instruction in either English or French. After giving a list of the titles, the paragraph concludes:

> During the fiscal year 1951-1952, these strips were in wide demand, and 6,440 were sold to educational organizations and interested groups.

The titles which are given these film strips certainly suggest that they would contain

matter of great interest and importance in instructing new Canadians. I was wondering whether or not the minister could say where full information could be obtained by an organization which might be interested in showing these films to new Canadians in their vicinity. These organizations might want information as to the content of the films, how they can be obtained and what procedure has to be followed. It occurs to me that here is a field where members of parliament, and others who are interested in this work of welcoming new Canadians, might avail themselves of this new instrument. Perhaps they could interest service clubs and other similar organizations to which they belong in having once a month or once a year, or with whatever frequency would be suggested, evenings when they would be hosts to the new Canadians in their area and ask them in for a showing of these films.

I must confess that it seems to me an area in which with a little bit of work and a little bit of interest, any one of us could make quite a considerable contribution to interesting our communities and community organizations in that work. Will the minister tell us, for the record, what the procedure is as to getting these films and on what terms they are available?

Mr. Harris: These films are produced by the national film board and are sold at a nominal fee to the provincial governments, which use them through their film distributing organizations. In other words, a voluntary organization can write in and get a film for showing such as my hon. friend indicates. In addition to that, however, our liaison officers, who were only appointed after 1950, do encourage the use of these films at the voluntary organizational meetings and will show them on request at service clubs and other similar institutions. I for one should be glad if any person or group of persons or any hon. members would in fact put on an evening of some kind for the benefit of newcomers or even for the benefit of Canadians, to show them these things because I think the film strips are of good use for this purpose.

Mr. Fulton: Do I understand that anyone or any organization interested should contact in the first instance the provincial educational department, and that they would have full information and would have a stock of these films on hand?

Mr. Harris: Yes; and the film board has a stock to sell and will sell them for a dollar.

Mr. Fulton: Then the report also contains another interesting item. I see that I have really been discussing both the citizenship branch and the citizenship registration branch under the same heading. One small question arises out of page 19 of the report which is headed "Number of certificates issued to aliens by countries of origin" and under the heading "Great Britain" there is the figure of 53. I should probably know this, but I confess to being a little bit disturbed about it. Is a British subject coming from the United Kingdom officially classified as an alien, even if he has been lawfully admitted to Canada?

Mr. Harris: I should not think so, but I will have to find an explanation. In the item that is referred to, the countries of origin are the countries from which these people come. That is residence, not nationality or racial origin.

Mr. Fulton: We would presume that these would be persons who originated in Great Britain but were not necessarily British subjects?

Mr. Harris: That is right.

Mr. Green: I think we have come a long way in our approach to this problem of citizenship. It is encouraging to hear from the minister that steps have been taken to make the people who have come to this country and have become naturalized, feel welcome. Only a few years ago all that happened was that they appeared in a crowded naturalization court, two friends spoke on their behalf and then they got out of the crowd as best they could. Then some time later they took the oath of allegiance before a notary public. I think Canada was extremely shortsighted in her approach to this problem of welcoming new citizens. I am afraid we are still a long way behind our cousins, the Americans. I should like the minister to explain to the committee why it is that we cannot have a procedure somewhat similar to that followed by them.

I have here the program for the 32nd annual public reception welcoming naturalized citizens of 1952-53 in the city of Portland, Oregon, under the auspices of the Portland Americanization council. This was held this year on February 22, the 221st anniversary of George Washington's birthday. In addition to setting out the officers of this Americanization council, it sets out a list of 90 on a reception committee and 30 on a hospitality committee. They had a receiving line which included the governor of the state and his wife, and the secretary of state for the state of Oregon and his wife; the treasurer of the state of Oregon; the United States district attorney; the mayor and commissioners of the city of Portland and ladies; the board of county commissioners for, I presume, the county of Multnomah. On the inside of the program there is a list of the

names of those who have been naturalized during the year 1952-53. I notice that there are 103 from Canada, by far the largest number from any country; 43 from England and a similar number from Germany, and several hundred altogether in the list.

They had a program which included the grand entry of colours; pledge to the flag—we might be under some difficulty in Canada deciding which flag we were to use; however, perhaps that will be straightened out one of these days—the national anthem—where we again might have some difficulty—invocation by a leading clergyman; official welcome and response by one of these new citizens who is described as of the class of 1952. Then there are selections by a choir, presentation of banner to the city of Portland, the acceptance, tribute to the flag; then an address by a former dean of the college of law; a song "God Bless America", then the benediction and the retiring of colours. That program was recorded and broadcast over several radio stations.

On the back of the program we have a list of organizations which belong to this Portland Americanization council. It is a long list and I shall refer to only a few in which I think hon. members would be more likely to be interested. There are the American Legion with about 30 branches; the American Red Cross; the archdiocesan organization of Catholic women; Benevolent and Protective Order of Elks; B'nai B'rith; Boy Scouts of America; Canadian Legion and auxiliary—and I would ask you to note that; this is a welcome in Portland, Oregon—Catholic Daughters of America; central labour council; council of churches; council of parents and teachers; Fraternal Order of Eagles; federated Jewish society; Independent Order of Odd Fellows; junior chamber of commerce; Kiwanis Club; Multnomah bar association—I presume that is the legal bar; Portland chamber of commerce; Portland police department; Portland Lions Club and auxiliary; Rotary Club and so on. There are dozens of these organizations belonging to this Americanization council.

Is there not some way in which in Canada we can work out some friendly welcome of this type which includes representatives of all the leading organizations of the city? Perhaps we are too phlegmatic. I do not know why it is that we have hesitated for so long to do things of this type. Millions of Canadian citizens have become such by naturalization, I think a larger number than in any other country of the world except the United States. It is of such tremendous importance to make these new Canadians feel at home, feel that they are accepted as such; and I cannot think of any finer way to do it than by some such scheme as this.

[Mr. Green.]

At the present time in Vancouver, thanks to the efforts of one outstanding citizen, Will Walton, who unfortunately has passed away, the Canadian Club is doing great work in this connection. He was assisted by immigration officials, some of the judges, and various other clubs. There we do have a fine welcome given in the courts when people are naturalized. I think we should go farther and have something like this plan of the Americanization council of Portland. I presume that is happening in every large city in the United States every year, and it is no wonder that you get such a remarkable national spirit in that great country. I do hope that Canada can adopt some such method. I am sure it would help to strengthen the spirit of this nation. Can the minister tell us whether an effort of that kind would be possible?

Mr. Harris: The Canadian Citizenship Act has been in force now for only six years plus a few months. We have been experimenting with the business of the form that will be followed before the courts and the reception that shall be given to immigrants by welfare groups before that, and I must confess that to my knowledge not much is done in the way of a reception afterward, except in the city of Vancouver, as my hon. friend has mentioned. On the other hand, I have attended similar small receptions in several towns and small cities in Ontario, but as a rule they are the tentative beginning of something that should grow and be accepted more from time to time.

Nothing but good can come from a reception of that kind. It is a public acknowledgment, in addition to the legal one which is made on the occasion of their taking the oath of allegiance after they have been granted their citizenship. That is something that must be done, but this is something that will bring to the immigrant, the new Canadian, the sense of an interest in him by the other members of the community, and we are hopeful that, as I mentioned in my earlier remarks, we can find a good solution to it which would be a dignified public reception with sufficient solemnity to be impressive and at the same time friendly enough so the people would not be backward about attending.

Mr. Mott: I should like to say a few words on this matter at this time. First of all may I say I do appreciate the remarks of the hon. member for Vancouver-Quadra and of the minister who mentioned that he knew that Vancouver was doing a wonderful job—

Mr. Harris: I should have included New Westminster.

Mr. Mott: —in accepting new citizens in our city. It would be only right at this time if I mentioned what happens in my own city of New Westminster. The judge who swears in the new citizens plays a very important part in just what kind of ceremony takes place. For the last four or five years Judge Sullivan of the county court in New Westminster has had an outstanding ceremony in our city. On several occasions I have been asked to speak. Senator Tom Reid was asked to speak on many other occasions.

To give you an idea of just what does happen, invitations go out to all the local bodies, including the local council of women, the mayor and the council, the president and members of the executive of the board of trade, and the bar association has always been represented by seven or eight of the outstanding members of the bar in their robes. We also have a member of the R.C.M.P. in a red coat, and our own local police.

They do have an outstanding ceremony. We are always asking the judges who come from Vancouver why they do not put on a similar ceremony in Vancouver. I should like to bring this to the attention of my good friend the hon. member for Vancouver-Quadra because it has now moved along to a point where the service clubs have a citizenship night once a year in the stadium in New Westminster. They send invitations to all the new citizens, and have representatives of the New Westminster regiment, the Boy Scouts and the Girl Guides, and several bands. An outstanding program is held at the stadium. On several occasions I have sent the program to the minister. We are very proud of the ceremony that takes place in New Westminster, which has always been known as a royal city. We try to keep that name before the public. We welcome our new citizens to the city, and we extend our congratulations to Judge Sullivan of the county court who has been a leader in the movement for the ceremony that takes place.

Mr. Higgins: I have not heard too much of this debate, but I was quite interested in the remarks of the last two speakers, particularly the hon. member for Vancouver-Quadra, who always makes an interesting address.

As I understand the situation, both hon. members spoke about what happens after the immigrants have been in Canada for some time. The situation that we should tackle in Canada is what happens when the immigrants come to Canada first. The first view they have of Canada and of Canadians is important. It may not happen at all the ports of entry; it may not even happen in that one small port that I heard described as the port of Saint John—the hon. member is not here to enjoy what I have to say about it. But I have seen quite a number of immigrants come to Gander, having been brought over by Trans-Canada and other air lines. These lines were employed by the government in those days. I have seen them come in with tags on them, as you would tag a cow, a horse or any other kind of animal you were shipping. It was very obvious why they were tagged in that way. It was not done to discredit them or as a mark of dishonour. They were tagged because they could not speak English or any other language of the country. Their destination was put on the tag and they were told how they had to buy their food and where they had to buy their food, and what have you.

The thing I want to say to the minister is this. I do not know whether that system still exists as it did in the days I am speaking of, but at all ports of entry the minister should have people who could interpret the language of these immigrants, whether it was Italian, Norwegian—I was going to say Irish, but I will not because of my hon. friend who is sitting in front of me. It is quite obvious that quite a number of nationalities do not speak English, and when they come to the ports of this country the first thing they have to do is to deal with a foreign language. They do not know what is going on around them; they do not know what they are being invited to do, and it upsets them very much.

If that condition still exists, then I say to the minister that he should have people stationed at these ports who can speak the language of these particular immigrants. It would not cost very much, and the first impression sometimes means so much.

Then I come to the points that have been made already, and I only want to reiterate what has been said before. I do not believe this planning of immigration by the government has been definite by any means. I do not think immigration is as well planned as it might have been. I feel that the parts of the country in which these immigrants may want to settle should have an opportunity of discussing things with the minister or with the officials of the department. I am thinking especially of a conversation I had earlier in the day with an hon. member from Prince Edward Island. He told me that they would like to have a lot of high-class farmers in that part of the country. The same applies to other parts of the country, and I think it would be a good idea if the minister consulted the various provinces to see what types of people they wanted and in what

numbers. He could then cut his garment according to the cloth.

I noticed the following in the last bulletin I received from the department of external affairs at Dublin, and by the way this is southern Ireland:

> An Irish-Canadian club to promote closer cultural and trade relations between the two countries was formed at a meeting held in Dublin last week. The club is to have branches throughout Ireland and in Canada. It is estimated that there are nearly 1,000 Canadians living in Ireland and 1,500,000 of Irish descent in Canada.

I believe I read in the paper where the minister had stated that quite a number of Irishmen were coming over.

An hon. Member: From the north.

Mr. Higgins: That is what I was going to say; let me say it, will you? I think there should be a fair proportion come from southern Ireland. I do not know what the situation is there, and it may be that southern Irishmen do not want to leave their home. But every opportunity should be given to them if they want to come. After all, if there are 1,000 Canadians in Ireland surely we should have another five or six thousand Irishmen over here.

The last point I wish to raise has been mentioned already this afternoon, and I merely want to reiterate what has been said. I refer to Chinese immigrants who may want to come to Canada. In so far as I know the Chinese are a most excellent race and make fine citizens. The officials of the department have been most helpful to me in connection with any applications I have made. I found them very courteous and kindly. In view of the terrible position of the Chinese in China and Hong Kong I should like to see everything possible done in order that the wives and children of Chinese who are here may come to this country without too many difficulties being placed in their way.

The Chairman: The discussion has been principally on immigration, so may we consider that items 58 and 59 are carried, and then we could go on to immigration.

Mr. Knight: Mr. Chairman—

The Chairman: If any hon. members wish to speak on immigration I would ask them to wait until item 60 is called.

Mr. Knight: I feel compelled to rise if only to prove to my hon. friend from St. John's East that we from the north of Ireland also speak English. If I might be reminiscent, I hope my hon. friend is not like a certain old lady whom I met in Pennsylvania when a small boy. I went to stay with an aunt there at a hotel in the Pocono hills. I was a little white-haired boy—I was going to say that I am still white-haired, but without the hair—and we met this American lady who was staying at the hotel. She asked who the little boy was, and my aunt told her that I had just come out from Ireland three weeks previously. She said, "My, how quickly he has learned the language".

I am glad to see that the population of Canada has been increased by three or four hundred good men from Northern Ireland, and I congratulate the minister, in so far as he deserves it, on that account. As far as I can tell about the hon. member behind me, his forebears did not come from Northern Ireland. Though his southern brogue remains, I suggest that he is not Irish at all. I notice that in the Ottawa valley practically everybody claims to be Irish. When anyone tells you he is Irish and you ask where he came from he says, "My great-grandfather left Ireland in 1801". That is not being Irish at all. Such people, perhaps like my hon. friend, say "Oh, we are Irish improved". Well, perhaps in their case some improvement was necessary.

I just wanted to say a word about citizenship.

An hon. Member: Canadian or Irish?

Mr. Knight: The question of Irish citizenship is too difficult to discuss, so I shall confine myself to the Canadian variety. I should like to inquire about these ceremonies. We have heard of a ceremony on a pretentious scale described by the hon. member for Vancouver-Quadra, and then one on a more modest scale described by the hon. member for New Westminster. In the city of Saskatoon we have made an effort to give these people a welcome when they receive their certificates. Judge Smith is at the court house and a group of people, including the mayor and representatives of various organizations, welcome these people and say a friendly word to them.

I thought that when the act was passed a few years ago this procedure was definitely laid down. I remember that the government issued a booklet outlining the ceremony that could be held on these occasions. I imagine that it is being used in many places. I should like to ask the minister to what extent these ceremonies are being held and to what extent are people being merely handed their citizenship papers without any formality. When the hon. member for Vancouver-Quadra was describing the ceremony used I could not help but think that moderation might perhaps be useful. As far as I can see there was everything in that program except movie

stars, and God forbid that we should introduce that type of ballyhoo in a ceremony granting citizenship.

I want to say one word on the matter of language, and I must confess that I am leaning in the direction of the hon. member from Newfoundland. Most of our immigrants come from Holland and Germany at the present time, and it occurs to me that there must be Canadian citizens of German or Dutch origin who could be employed over there in the teaching of English. They would have the racial origin of the country to which they were assigned. I am thinking of older teachers or perhaps retired teachers and people of that sort who could be used to give these people instruction in the use of the English language, and they would not then suffer the embarrassment upon their arrival here described by the hon. member for St. John's East.

Mr. Harris: I do not think my hon. friend perhaps understood what the hon. member for Vancouver-Quadra and I were speaking about, or did not note the difference. I think my hon. friend was referring to a reception given by a leading group of citizens in the city of Portland for those who had acquired their citizenship during a given year. It was a formal reception with a ceremony which was attended by representative groups as well as by representatives, apparently, of the state government. What he was referring to before in connection with our booklet were the simple ceremonies that we have suggested immediately after the swearing in by county judge. That would occur three, four, five or six times a year, as the county judge felt it necessary to complete the work of his court.

I think there is a place for both. One is a completion of the legal requirements of the case. The other is a more open public reception and acknowledgment of their citizenship during that year.

Mr. Coldwell: I know that it has been done at a number of smaller points in Saskatchewan. Senator Aseltine and I had the pleasure last year of attending a very interesting ceremony over which the county court judge presided. The mayor and the reeves from the neighbouring countryside were present at the ceremony at which a number of people were welcomed. A banquet was held, and they were made to feel that they were being taken into the citizenship of the area. It can be done on a much smaller scale in small places, and I think a good deal of encouragement should be given. I know that the welcome at Rosetown was one of the nicest functions I have attended since I have been a member of parliament.

Mr. Harris: I hope the practice is growing. We are going to encourage it.

Mr. Brooks: I have listened with interest to what hon. members have said about looking after immigrants on their arrival and taking them into citizenship. There is usually quite a period of time in between. I was very much interested in reading an article today in a pamphlet entitled "Industry" published by the Canadian Manufacturers Association. The view is expressed in the article that we do not pay enough attention to immigrants after they reach Canada from the point of view of teaching them something about our country. It is suggested that these people have a tendency to come here with a love for their own country, which is natural, and to get together in groups with the result that they do not learn enough about Canada.

It is pointed out that a few years ago, in order to overcome this difficulty, the United States fitted up a "freedom train" which went from one end of the country to the other visiting every city, town and village. On board were such things as a copy of the constitution of the United States, the Declaration of Independence, Lincoln's Gettysburg address, the muskets of George Washington's army and many articles of that kind. People were taught the history of their country in a practical way. The article goes on to say:

> Well, the history of Canada could certainly fill a train.

That is very true.

> The British North America Act with all the original signatures, the extant documents of Frontenac and Montcalm, Alexander Graham Bell's original telephone, the case books of Dr. Banting, the discoverer of insulin, the test tubes from the laboratory of Charles Saunders who discovered the now world famous Marquis wheat, the pistols of General Wolfe and even the cap worn by the heroic Laura Secord are just some of the things which come immediately to mind. Maybe there were some things about the freedom train which we wouldn't like. They could easily be changed. But the effort to build up a national patriotic consciousness is surely something which we should applaud.

There is no problem as to the children. They go to our schools and learn these things, but the older immigrants do not have that opportunity. I would suggest to the minister that he might consider something of this kind so that the history of our country may be better known to older immigrants entering Canada.

Item agreed to.

59. Citizenship branch, $390,464.

Mr. Fulton: Has any consideration been given to any sort of compulsory qualification before a citizenship certificate is granted? I

do not refer to the language qualification, which was discussed briefly in connection with a bill we had before us a little while ago. Is there any requirement that they must have attended so many classes or anything of that sort? I appreciate that it is most difficult. Here we are on the one hand suggesting that they should be urged to take out their certificates of citizenship as soon as they qualify from the point of view of residence, and I appreciate that it would perhaps appear inconsistent if in the face of that we put other obstacles in their way and compelled them to comply with this or that regulation before they could obtain them.

I wonder if some happy medium could not be arrived at whereby if free classes on citizenship were available in a locality, perhaps some classes using films or visual education and some the lecture method, which might take only four or five nights during a year, consideration might then be given to making attendance compulsory at such classes before these people would be regarded as qualified for citizenship. Has any consideration been given to that, or as to whether anything along these lines could be worked out? I know that efforts are being made by voluntary organizations in certain provinces to give classes, and that is what made me wonder whether there was a possibility of making attendance compulsory to a certain extent?

Mr. Harris: We are in the process of drafting a number of regulations having to do with these classes. In the meantime, however, where they have been held and where a certificate has been granted the county judge will accept that as evidence of certain accomplishments. But it will happen, of course, that some applicant for citizenship who has attended no classes at all but who is fully qualified according to the standards we set down will come before a judge. Therefore it is difficult to say that such a rule should apply, although we undoubtedly encourage them to do so. On the other hand, there are also many places where we have no classes, yet by private tuition and self-help the immigrant is able to appear before the judge. Where there are no classes we are seeking to have them if we can, and where there are classes we are doing our best to see that as many people as possible attend them and that some recognition is given for having done so which will permit them to have easier access to the courts and their citizenship.

Mr. Fulton: I think that is a very excellent idea. I hope the minister can report to us that other provinces besides Ontario and British Columbia are awarding certificates of proficiency. Have any other provinces adopted that scheme?

Mr. Harris: I think that is all at the moment.

Mr. Fulton: Can the minister tell us for the record who is the new director of the citizenship branch in succession to the late Mr. Frank Foulds, to whose work I think we are all glad to pay tribute.

Mr. Harris: We have not appointed a new director. There is an acting director, Mr. Eugene Bussière, but the permanent appointment has not been made.

Item agreed to.

Immigration branch—

60. Administration of the Immigration Act, $824,403.

Mr. Fulton: The minister said he would take advantage of this item to reply to the general discussion and suggestions that have been made with respect to immigration.

Mr. Harris: Mr. Chairman, I wish immediately to thank hon. members for their kind remarks about myself and the officials of the branch for the work we have been doing. I believe hon. members realize that in dealing with immigration we are dealing with human beings; and while there are certain definite prohibitions in the Immigration Act which must be observed, nevertheless the regulations are flexible and should be used with discretion. They should not always be applied rigidly. The department tries to follow that practice within the policy laid down from time to time by the government. Where we are able to assist hon. members, not only are we glad to do so but we should in fact do so.

In the general discussion it seemed to me that every shade of opinion was expressed as to immigration; and it occurred to me that everything that was said this afternoon has been said at one time or another by myself and by my officials, when we have been discussing the policy of immigration. There are times when one takes the view taken by the hon. member for Cape Breton South, which I think is probably the most restrictive approach that has been stated so far in this debate. On other occasions perhaps we would take a view more in line with that of the hon. member for Queens who, if I understood him correctly, while he did not recommend it in exact terms, nevertheless thought in terms of a general migration of people at some time in the future of the world.

In between those two extremes the Canadian immigration policy tries to function. As

everyone has said, we have to observe our absorptive capacity, and we must try to determine that capacity not only from year to year but in fact from month to month. We bear in mind what the hon. member for Cape Breton South said, namely that there may be a scarcity of labour at a given time and that by the time we have found the people to fill that scarcity, it no longer exists.

So in supplying the labour market we must pursue a cautious policy. But at the same time I do not think we should allow our caution to overcome the natural optimism which all Canadians have as to the future of this country. I noticed that every member who spoke about the mechanics of immigration did say that consideration should be given to the winter season and the seasonal unemployment we have at that time, and that we should not have many immigrants entering the labour market during those months.

With a certain amount of modesty I can say "Thank you", because we introduced that policy last summer, and I believe it was quite successful this winter. As I said last night, we have had no confusion, no conflict, and no surplus number of workers in any given community. That to some extent restricts the number of people who can be admitted to Canada in any twelve month period, because if to a considerable extent you shut off migration in late October, or at some such time, and presume to open it in late February or early March, you then shut off four months of the year which otherwise could be used to bring in people at a time when perhaps they could be absorbed.

There has been considerable discussion as to whether or not we had more immigrants in 1951 than we should have taken into the country. I suggest that that was not so, although I do not want to engage in any argument with hon. members on the point, because I realize that everything they have said today has been helpful. Every suggestion they have made will be followed up. But 1951 was the beginning of the expansion in this country of industries connected with preparations for carrying out our commitments with NATO. There was a greater demand than we could meet for both skilled and unskilled workers in almost every line. Therefore we did our utmost to meet that necessity.

As I said last July, and repeated last night, it would appear that that met the requirements of the day, and that perhaps there was not going to be a continuing demand for skilled and unskilled labour for that particular purpose. I think I did point out last night that, in particular, there was little demand this year for persons to go into the mines, the logging industry and the like; and my recollection is that the hon. member for Kootenay West spoke about that this afternoon. Looking at the figures I find that we took in only about 900 loggers during the whole of last year, which is away down from what it had been at any time prior to that. This indicates that we can operate immigration to fit conditions as we see them, according to the information we receive.

It was suggested by the hon. member for Kamloops and the hon. member for Cape Breton South that we should have recourse to other departments of government, and should have interdepartmental committees studying migration. It was said that we should co-ordinate our efforts along those lines. I say with all respect that we have had similar committees since I became minister, and I believe they were in existence for some time prior to that. The whole policy is made up as the result of information available to the government in all its departments, and as a result of the opinions expressed by those on our staff and on the staffs of other departments who can best form opinions as to the likely requirements in the foreseeable future.

We never go beyond twelve months; and for that reason one may say that we do not plan for the distant future. We do not. We do not claim to do so at the moment. We merely say that from month to month and, at the most, up to a year in advance, we have certain plans and certain expectations of what can be done by way of migration.

Something was said about consulting provincial governments. We do that as well. Their opinions, along with the opinions of other groups in Canada, are taken into account when we arrive at conclusions as to what should be done.

I believe that is all I need say about the general debate. I would repeat, however, that all the doubts and all the hopes expressed this afternoon by every speaker are constantly in our minds. Migration should not at any time displace Canadian workmen. Migration should only be a means to add to our population in such a manner that we will grow in numbers, and grow as well in our standard of living, not reduce it. On the other hand we should not, because of too much caution, miss the opportunity which most of us believe this country has in the next few years.

Specifically, there was a general discussion about matters having to do with those Canadian citizens of East Indian origin, and of certain Chinese-Canadian difficulties. Some

reference was made, also, to the assisted passage scheme in respect of the United Kingdom, with which I shall now deal.

The assisted passage scheme was instituted for the purpose of providing the means of admitting to Canada persons with certain skills who were needed, and on the basis that these persons would not have the money with which to purchase transportation. The classes of persons who from time to time would qualify applied to all countries in which we used the assisted passage plan. That is, if we said that a person in the United Kingdom who was a nurse's aide could have the benefit of assisted passage, we said also that a person in a similar position in another country could have the benefit of assisted passage, because there was need in this country for such persons. It is true that the people in the United Kingdom who have come forward have not used the assisted passage scheme to anything like the extent that it has been used by others from continental Europe. But that is only to be expected, because people in the United Kingdom have more money and more means than those on the continent. In particular I think it is fair to say that the people of Germany have literally no means whatever. If we desire to have them here, and if they have the qualifications we want, then it is to be expected that they will apply in greater numbers than any others for assisted passage.

With respect to the persons in British Columbia of East Indian origin, it is true that there is a restriction on the number of people of that particular origin who can be admitted from the east. In 1950 they were restricted to those persons who were admissible under P.C. 2115, namely the unmarried children under 18 of Canadian citizens resident here, or the wife of a Canadian citizen. Since that time we have successively extended the group to take care of the husband, unmarried children up to 19, then up to 21 and later up to 25 under certain circumstances. I have forgotten who it was, but this afternoon someone said that the admissible groups here are those 19, and under certain circumstances 21. That is not so; the admissible group is up to 21, and under certain circumstances up to 25.

Mr. Fulton: They are all subject to an over-all quota?

Mr. Harris: That is not subject to quota; that is absolute. All those people can come in under P.C. 2115. But in addition to that 150 other persons may come from India, 100 more from Pakistan and 50 from Ceylon. As was pointed out this afternoon, we have not met that total number of 300 because of difficulties which occurred in finding a suitable staff to go to India. We finally found a staff late last year. I expect that this year will see that number coming close to the quota. I am told that there are hardly any coming from Ceylon, so that to the extent of that 50 we may not meet the quota. Indeed, it may not be so even in the case of Pakistan, but I am quite satisfied that the number from India will, this year, be to the limit permissible.

When the hon. member suggested that these people are not permitted to bring their relatives out, I suggest he is not being entirely accurate, although I know he has no intention of not being so. This quota, if I may call it that because in fact it is, has only been in existence now for the past two years. There have been certain operating difficulties, but we are gaining experience in dealing with it. I should like to point out the persons who did come during 1951, the last figures I have. In 1951 there was one spouse of a person here; one child; seven fiancées; 14 parents, brothers and sisters; and 127 other groups.

The other groups were made up as follows: married children, 24; sisters, brothers and brothers-in-law, 24; nephews and nieces, 35; cousins, 16; grandchildren, 5; grandnephew, 1. Then there was employer application for specific purposes, 8. There was an adjustment of temporary status of persons already here who had not been properly landed, 10; and there were four more who in fact were in the country illegally, and we then regularized their papers. This brought the total to 127. I suggest that that catalogue of relatives is indicative of the type of immigration we will have when this really begins to function a little more successfully than it has up to the present time. The lack of success has been wholly due to our inability to find a staff, but the staff is now there and working in New Delhi.

The other question raised was that of a Chinese Canadian who wants to bring forward his children. I only speak of it because of the reference made by the hon. member for Kootenay West to the X-ray procedures. The committee should remember that the use of X-rays for determining age is only resorted to after an inspection has been made of the applicant by our staff in Hong Kong, and that person has been rejected as a result of the investigation. I discussed this with the head of the Hong Kong immigration office, Mr. Peters, when he was here on leave. I have checked Mr. Peters' work from time to time. I am thoroughly satisfied that Mr. Peters is a highly competent immigration

officer who knows the situation in the east as well as anyone we can get for that purpose.

When he examines a person who presents himself as the child of an applicant in Canada, he examines him having in mind certain procedures and certain knowledge which the person must have if he is a member of that family. If the immigration officer comes to the conclusion the person is not as represented then, and then only, the applicant is given the opportunity, if he wishes to take advantage of it, of having X-ray photographs taken to indicate whether or not an error has been made in Mr. Peters' judgment. It was stated this afternoon that we claim these photographs to be accurate to within three or four months. We do not. We realize that medical opinion is not completely satisfied on some points of this procedure, and that in fact there should be a variation which would allow for the ordinary uncertainties which any doctor admits exist in these things. We do—when I say "we" I must say not this department but the Department of National Health and Welfare —consider these X-rays in the light of what the ordinary doctor would expect to find by way of variation in the age group.

I do not know anything about this subject other than that I am told that an X-ray examination of the bone structure is reasonably accurate up to 19, 20, 21, 22 or 23 years of age, but probably not beyond that. It is that group with whom we are dealing. We do not examine people beyond 25 years of age, because 25 is the outside age limit. As I said before, it is never a complete bar to admission of any person. It is only an additional opportunity that he has to prove the facts which he alleges.

Nevertheless I recognize that there have been many cases where Chinese Canadian citizens feel that these examinations have not yielded the results they should. I think many hon. members in this house will bear me out when I say that we constantly review individual cases to see if there is any possibility that an error has been made, or that additional information might be obtained on which we could base a different conclusion. That is always the policy, and we shall continue at all times to accept any evidence that applicants can bring to us. We will review all cases on request. In fact I hope we can find an even better method of dealing with them than we have at the present time, although I am told it might entail considerable expense in the Hong Kong office.

I think I have covered all the specific subjects mentioned. If not, I apologize and I shall be glad to speak of them if anybody reminds me of what they are.

Mr. Fulton: I appreciate the minister dealing with the points which have been raised. There are just two matters that I should like to follow up, arising out of what he said, and I should like to start with one of the later ones, namely the position of East Indians. I do not want to quibble over the question of whether or not I was accurate, but I believe it is important to be certain as to whether or not there is differentiation or discrimination between them and other Canadians. While it is true that they can bring in their relatives within these limited categories, children under 21 and in certain circumstances 25—

Mr. Harris: May I interrupt to say that I was in error. The permission up to 25 was in the case of Chinese.

Mr. Fulton: Yes. While it is true that they can bring in their immediate relatives within these limited degrees, without reference to the quota, any other degree of relative such as cousin, nephew or grandson does come within the quota of 150, in so far as India is concerned, and Pakistan 100, or for the Indian subcontinent exclusive of Ceylon, 250 a year. On the other hand, in the case of any other Canadian citizen, even one who may recently have come here and just qualified as a Canadian citizen, my understanding is that, provided he can give the usual guarantees as to ability to support the immigrant applied for and can comply in other ways with the requirements, he can apply not only for his relatives but for his friends in his country of origin in Europe, provided again that the friend comes within the general but much broader classification of admissible persons from those countries. There is therefore a much narrower restriction on the type of persons whom Canadian citizens of East Indian origin may apply for as compared with citizens of European origin; and even those are restricted within this quota of 250. It was in that sense that I meant there was a difference bordering on discrimination.

The minister has explained some of the difficulties giving rise to the fact that the quotas—even those limited quotas—have not yet been filled. I should like to ask him whether there will be a carryover; in other words, if only 127 out of 150 were actually processed, passed and admitted to Canada in the first year—that is in 1951—will that balance of 23 carry over into the quota for 1952? And will the unfilled balance of the cumulative quota for 1952 carry over and be added to the quota of 250 for 1953? It seems to me it is only fair that this should be done particularly if, as the minister says, it was administrative difficulties which were responsible for the fact that the quota was not filled in the first year.

Mr. Harris: The answer is yes.

Mr. Fulton: Good. I shall take up the rest of the matters in correspondence with the minister and his officials, because I have a number of cases.

Then with reference to the subject of immigration from the United Kingdom, what I said this morning was that not only did it seem to me that the assisted passage scheme was not being used to its fullest advantage in bringing out desirable immigrants from the United Kingdom, but that we had not completed any agreement with the British government under their empire settlement act. My information is that the assisted passage scheme is not of as much assistance to immigrants from the United Kingdom as it is to immigrants from the continent of Europe. Indeed that fact is borne out by what the minister said, namely that there had been more from European or continental countries taking advantage of it than from the United Kingdom.

The reason that is so is that the scheme does not extend assistance to dependents such as the wives and children of the husbands, and a far greater proportion of those coming from the United Kingdom than of those coming from the continent are married men with their families. The fact is that, owing to the impact of war on the continent, families are to a great extent broken up, and what we are dealing with there are displaced persons. For that reason it would be obvious that the number of people wishing to come as family units from the continent of Europe would not be as great as from the United Kingdom. Therefore the assisted passage scheme is of only limited assistance to the great majority of those who desire to come from the United Kingdom, according to my information.

That is why it seems to me regrettable that Canada has not made an agreement with the United Kingdom under this empire settlement act, under which the British government will pay a portion of the cost of the passage of a United Kingdom subject migrating to a commonwealth country. For instance, in the case of Australia I am told that the most recent agreement there provides that the United Kingdom will extend assistance to pay for the passage of emigrants to Australia up to a limit of £150,000 per annum. The situation you have there is that the emigrant pays £10 himself—that is all he is required to put up—the United Kingdom pays £25 per immigrant up to that over-all limit of £150,000, and the Australian government puts up the balance of the cost of the passage. As I said this morning, the result of that scheme is that substantial numbers of British emigrants have gone to Australia.

I do not see why it is not possible for us to work out with the British government an extension of our assisted passage scheme applicable to people from the United Kingdom, under their empire settlement act, in order to ease the burden on the British family which wishes to immigrate to Canada as a unit. I should like to hear from the minister whether he has any really insuperable objection to concluding such an arrangement.

Mr. Harris: The government of the day between 1921 and 1927 had, at various times, agreements with the United Kingdom under the empire settlement act. We have not had any agreement since that time. That has been the policy since the war, and I think it was a carryover of the policy which had been determined some years before. I think the feeling is that this country should at all times retain absolute control over migration to Canada, and that we can best do that by financing migration ourselves if we feel we should spend money on it, or by admitting people if they choose to come.

We have had experience with the act. Without reflecting in any way whatever on others who use it, may I say that suggestions have been made that you do not necessarily get the best type of immigrant if he is almost wholly subsidized to come. In fact experience 20 years ago led to that conclusion at that time, in some cases. We have therefore, so far, not accepted the standing offer which is in the empire settlement act; and that fact does not seem to have adversely affected the migration to Canada.

If you compare the figures of those who went to Australia and those who came to Canada you will find that while they did run ahead—and you would expect that—they are not so much greater than Canadian figures as to indicate that the lack of this plan is a definite deterrent to migration to this country. My recollection is that to the end of 1951 something like 290,000 people left the United Kingdom for Australia, and while I cannot give the figures to the end of 1951 to Canada, I think to the end of 1952 it would be around 250,000.

Mr. Brooks: From what date; since the war?

Mr. Harris: Yes, since the war. But a very considerable factor in migration to Australia and New Zealand was of course the fact that the people could take their money with them. The hon. member for Brandon made reference to that this afternoon. Perhaps he did not give the credit to this government that he might have given. He recited the considerable sum of money that anybody in the United Kingdom could bring to this country.

Included was a large quantity of goods which could be entered duty free, and he came to the conclusion that one would require $10,000 before he would be seriously hampered.

The fact of the matter is that when this department was first created the restriction on the export of capital to migrants was the restriction he stated, namely, £1,000, spread over four years. The additional advantages which he later mentioned were advantages which have come about because of discussions between the two governments, and because of the act of this government in greatly extending the goods which could be entered as settlers' effects. On the other hand, if you can go to Australia and take all your money with you that is a real attraction. It was a real attraction in the years 1949 and 1950 when the pound was devalued and there was considerable doubt in the minds of a good many people in the United Kingdom as to just what was the best thing to do. But if you look at the figure for that year, when we had 13,000 people come from the United Kingdom to Canada, and compare it with the 42,000 who came last year you will see that the numbers are building up and that we think we are now getting a good number of people from the United Kingdom, and we expect to continue to get that number.

Mr. Fulton: I might conclude on that point. I think it is important to point out that according to my information the reason there is a substantial increase, up to 42,000, which is not after all a very large part of the total immigration, is that a large portion of this 42,000 consists of wives and children coming out to join their husbands and fathers, and naturally do not represent new family units migrating from the United Kingdom in the year in question. I have been told that since 1947, 170,000 immigrants have gone from the United Kingdom to Australia alone under this empire settlement act.

Mr. Harris: In one year?

Mr. Fulton: No, since 1947. In view of the comparisons between the two countries of Australia and Canada, I venture to say, if I may without offence to Australia, that the relative attractions of the two countries indicate that Australia has been doing disproportionately well, that is disproportionately well as compared to Canada and what we have to offer to a potential British immigrant. Therefore it seems to me we should be giving more consideration to the plan. Dealing with the minister's argument—I do not want to protract this unduly—I want to ask him whether he will deal with this. He made what would appear to me, on the face of it at any rate, to be two potentially valid objections to the use of the empire settlement act. I wonder whether we can analyse it a little further and see if they are so valid as they might seem.

First the minister said it was the opinion of those concerned with policy that you get a better type of immigrant if his passage is not completely subsidized. Well, now, it seems to me that with respect to that principle, by far the greater proportion of the displaced persons who have come here have had their passages virtually completely subsidized either by one of the refugee organizations or by the passage money being put up or guaranteed by somebody in Canada. Therefore both in the latter case particularly and in the former case the immigrant might eventually be under some obligation to repay the money.

It seems to me that by far the majority of the displaced persons being admitted to Canada have had their passage money virtually completely subsidized. I do not want to suggest that that makes them less desirable immigrants; in fact I do not make that suggestion. It was the only way they could get here. Therefore, since I do not make that suggestion, I suggest to the minister it would not be an objection applicable to the use of the empire settlement act in the case of the United Kingdom immigrant.

The minister also used words to this effect, that it was the feeling of those responsible for the policy that it was most desirable that we should retain exclusive jurisdiction over the—I do not know the exact word he used—selection of our immigrants. Do I understand from this that the use of the empire settlement act would deprive us in some way of the complete and final decision as to what immigrants came from the United Kingdom; Because if it would, then I think it is a valid objection. I should be very surprised if an agreement with the British government under that act would in fact deprive us of any element of decision as to whether or not an immigrant was suitable and should come forward.

I wish the minister would deal with these two points, because if they are to be accepted as valid then perhaps I would be more inclined to accept the objections to that scheme than I am at the moment, because I cannot see how the argument applies.

Mr. Harris: Before I answer that I might point out that of the 42,000 who came here last year, 18,000 were relatives, so 24,000 of those persons to whom my hon. friend refers were either heads of families or single workers.

Mr. Fulton: The number 24,000 in one year is not very many, really.

Mr. Harris: Perhaps not, but my hon. friend heard his colleague from Gloucester this afternoon urge upon the government that families should not be broken up, and that we should have these people come forward to the head of the family at the earliest possible moment; and you must make that allowance.

Mr. Fulton: I was not objecting here at all; I was trying to put this in proper perspective.

Mr. Harris: The proper perspective is that you must have both. The other arguments I made I think are still valid. The persons who came forward as displaced persons, totalling 165,000 since the war, were persons who were subsidized, as my hon. friend says. They were subsidized for the reason he gave (a) they had no money whatever, but (b) they were a problem which was on the doorstep of the United Nations, something which was wholly removed from migration as a national policy. It was an international situation in which humanity came into play, in which self-interest required that a problem had to be solved, and I do not think these people can be used as an argument as to the normal course of migration in any form.

On the other question, when you enter into an agreement with respect to persons who will come to Canada and you subsidize them, it is inevitable at once that the other party to the agreement should be given some consideration. In other words, if you make an agreement with another party, in common courtesy you have to hear his opinions and perhaps agree to them on occasion. I am not suggesting that it would not be proper that they be agreed to. At the present time our offices abroad choose the persons who can come provided they meet the standards we impose, and under those circumstances we accept full responsibility for any mistakes that may be made. I think we are getting the type of immigrant most suitable to this country. If it is found that the policy is not working out satisfactorily we can change it immediately parliament indicates its dissatisfaction.

Mr. Herridge: The hon. member for Vancouver East has been called out of the chamber, and he asked me to ask the minister a question on his behalf. I understand that the hon. member asked some questions this afternoon with regard to the policy of the department in connection with certain Japanese who were repatriated to Japan and now wish to return to Canada. Can the minister answer the hon. member's question?

Mr. Harris: I think that question could be better asked either in the external affairs committee or on the external affairs estimates, because if those persons are citizens of Canada we do not handle the mechanics of admitting them; it is done through external affairs. If they are not citizens of Canada they would be admissible upon application under P.C. 2115 by anyone here who could claim the proper relationship as set out in that order. I think my hon. friend is referring to a group of persons who may be claiming to be Canadian citizens, and they would come forward upon application to external affairs, not to immigration.

Mr. McLure: Mr. Chairman, I should like to make a suggestion to the minister under this item. I have not said anything on immigration or citizenship because the time has been all taken up. Some $26 million is to be spent on immigration and citizenship, but what I would like to see for Prince Edward Island is a policy to end migration. Through the fault of the government we lose a lot of our population every year, and these people could easily be kept there. If the same support were given to the people of the province, in different ways, that is given to bringing immigrants into the province we could retain at least a thousand people a year who are now leaving the province to go to other places.

I have nothing to say against immigration, but I urge upon the government through this department that they adopt some plan, especially for a province like ours, to keep people at home instead of bringing in other people to replace them. This could be in the form of loans to farmers' sons. In most cases a farmer's son cannot get as good a place or as large a loan as the person coming from outside.

Mr. Ferguson: Mr. Chairman, this country is a member of the United Nations and it is really amusing at times to listen to the variety of ideas we hear on immigration. In my opinion immigration is one of the greatest factors that must be considered by Canada. I lived in the United States for a number of years, and a very able man who had started as a coal miner in Virginia and amassed a vast fortune through the desire to work advised me to return to my native land. He said to me, "You have a country there with tremendous undeveloped resources; it is the last great country in the world that offers what it does." Yet we have men in this country and in this parliament who want to put the brakes on prosperity, who want to put the brakes on

progress. Because we are being fooled to some extent by the Russians the stock market drops and values are reduced by millions of dollars, simply because we are not carrying on an all-out war or almost an all-out war.

We have a country with resources second to none; but through lack of planning by the old Conservative party and the present Liberal party, which brags that it has been in power so long, we are faced with a quandary as to what to do. This government consists of various departments which are like cog wheels that should be meshing properly. Years ago they should have been thinking of what they were going to do with the iron ore they knew was located north of the great lakes. Forty-five years ago I sailed over lakes in the north country that covered great bodies of iron ore. The knowledge that there were vast ore bodies in northern Ontario, northern Quebec or Labrador was not gained just recently.

If we could not develop those with our own money, why did we not plan in conjunction with industry in the United States and with our own industry to develop these resources? We knew for years that there were vast oil fields in Alberta. No one will deny that, particularly the oil people. A man who was associated with my father in the law practice and who worked in conjunction with Imperial Oil years ago told me that they capped oil wells in Alberta at least 25 years ago.

These resources are being developed with the aid of millions of dollars of foreign capital. We are talking about the need of more immigrants. Mr. Millard, a great labour leader, has been accused of being almost crazy because he has stated that 250,000 immigrants could be brought into this country. He means if there was work planned for them to do when they arrived; he means if there were houses to be built.

The minister of immigration is a man of great resources, and probably he is doing his very best in the department. There has been great laxness on the part of this government in connection with the general development of Canada, and this includes the department of immigration. The same laxness was shown by the Conservative government in the past, and now the sins of the fathers are being visited on the people of today.

This is still going on. Why should we worry if there is an armistice in Korea? Why should industrial stocks in Canada drop? Why should unemployment be created? Every man in the House of Commons with any semblance of ability knows full well that we have not enough labour to meet the demands that would be created with an economy planned with the industrialists of this country, planned with the financial men of this country, planned with the industrialists of Europe and of the United States; planned with their money. We must go there for money. We must go there for help in our engineering problems. But what do we do?

An hon. Member: Move to the left.

An hon. Member: Come on over here.

Mr. Ferguson: I am speaking as a Conservative who has lived in this country all his life with the exception of a few years, a man whose grandparents came to this country over 150 years ago. I am speaking on behalf of the people I love and the country I love, and I am sick and tired of seeing it go down. I am sick and tired of seeing it act like a thermometer. Every time the wind blows, the sun rises or the cold comes, up and down goes the prosperity of our country. It is absolutely unnecessary. Take the country of Japan. Fifty years after an American admiral went there and told them how to do a little bit of business they were able to make almost any nation shudder if they threatened it with war. They were able to defeat the great Russian nation years ago. How do they exist? Where do they get their natural resources? From an almost barren island.

Look at what we have. Look at the money we are making. The government should be leaders, and not follow the practice every time they want anything done of picking on the one man in their party who is an industrialist, the Minister of Trade and Commerce, the Minister of Defence Production, the minister all-powerful.

An hon. Member: Amen.

Mr. Ferguson: Look at the arguments against the C.C.F. party. In the Conservative party we have lawyers, doctors, farmers, industrialists and financial men. That is why the Liberal party and the Conservative party are preferable to a party that preaches class hatred and looks at the picture from one side only.

An hon. Member: Boloney.

Mr. Ferguson: What are we doing? The present government, with all its ability and experience, is carrying on in almost the same manner as the Labour government of Great Britain did. The Minister of Public Works says he has a job. He says when someone has asked for a post office he will see that it is built. He will see that tenders are called. I just cannot believe that the Minister of Public Works and the other ministers are consulted with respect to immigration. How much immigration will we need this

year, next year and next year and next year for the next ten years? How much financing will we have to do?

I am not suggesting for a moment that the government should take over the country and try to run it, but I am suggesting that they should endeavour to co-operate with the people who are doing a good job financially. The people of Europe who have come to this country as immigrants are solid rocks in the foundation of Canada. Today we heard of a Chinese, an honest, loyal and decent citizen, who has been kept out of the country. I cannot understand the hearts of people who at one moment preach United Nations and down with communism and then act in this way. I do not know any better way of bringing about communism than to say we love you and then punch a man in the face at the same time. The abolition of slums and the putting of these people into proper housing will obliterate any thought of communism.

In my home at the present time I have a little Chinese boy who was brought to Canada to join his father six months ago at a cost of $1,000. Fancy paying a thousand dollars to bring a child you love and cherish from China to Canada. Surely the government could make some kind of arrangement with a shipping company whereby it would only cost $200 or $250. This boy's mother and sister are still in China. Imagine bringing a little boy of 12 out here at a cost to the father of $1,000. The expense is so great that the father, who has been here for 20 years, has had to leave his wife and another child in China.

We talk about being human beings. It is time we changed our thoughts and actions. That boy came out in August. Last month his father was stricken with an illness from which he cannot recover. He is now in hospital in Collingwood. I have taken the boy into my home. These things should not be necessary. This man is married to this woman in China and he has a little girl there. The wherewithal should be given to this man. If we are going to allow such a man to come to our country he should be able to bring his family here so he can enjoy the family life to which he is entitled as much as you or I or any other citizen of the country.

The father of that little boy is a Canadian citizen. What does that mean? Does it not really mean freedom for everybody? Does it not mean the same possibilities irrespective of creed, religion or nationality? The government says: Take out your Canadian citizenship paper; pay $5. In my opinion no man who is willing to work and abide by the laws of the country needs to take out any paper. That is sufficient to show what kind of a citizen he is. The mere taking out of a citizenship paper and having your photograph taken while being given your certificate does not make you a Canadian. It does not change your ideas if they are communistic. It does not make you a man who believes in democratic government.

The government should hide their heads in shame in the light of conditions in the year 1953. Some members of the House of Commons doubt whether there should be any immigration for the next five or ten years. Some of them go so far as to say we should not bring any more immigrants into the country. I say bring in three or four million good people of the right kind of stock to help us develop what God has given us. Let there be no more puttering around by the government. Let them get down to earth and do a real job.

Mr. Higgins: The minister referred to Mr. Peters, the chief immigration officer at Hong Kong. I thoroughly agree that he is a very fine type of civil servant, as are most of the officers of the department. But I do bring to the minister's attention, because it has come to me from very many sources on very many occasions, that there is something a little bit rotten in the state of China, if you will, with respect to the Chinese part of the establishment at Hong Kong. The minister is aware already that there have been all kinds of stories of money being passed and so on before Chinese could come here. I bring the matter to his attention as it has been brought to mine.

Mr. Macdonnell (Greenwood): I want to make one brief reference to the minister's statement tonight. I think one must say quite frankly that what the minister said sounded practical. In effect he said what is contained in a paragraph of what he said yesterday, that the approach should be realistic, that we must anticipate future developments as closely as we can and gear our immigration program to them. Then he spoke about the opportunities for growth, and said the government must seize the opportunity and make the maximum use of it in the interests of our people. Then he spoke about one thing he did not mention tonight. He hinted briefly at the question of defence, how much Canada has to contribute to the peace of the world, and said that that contribution will be greater as we grow in number.

As I said a moment ago, I think there is a lot of common sense in that approach by

the minister. But on the other hand I think it is not unfair to say also that it is almost wholly negative. You are more or less like the fly on the wheel. You are circling around; you are keeping track of what is going on and fitting yourself into that, but it seems to me there is no evidence there of a taking hold of the situation, of any lead of any kind. In a sense there is really no policy except the policy of trying to mesh in with what is going on.

I admit that in a sense that is a policy, but it is perhaps not unfair to call it a policy of negation, in a way. It is very different, from example, from the policy of Australia which has been outlined, although I am not sure their policy is perfect by any means. But one aspect of the negation seems to be that we have had two entirely different views presented to us. One of them was contained in the very interesting speech of the hon. member for Cape Breton South, in which he pretty well wound up by criticizing the government. I shall read these words:

> Our selection of immigrants should be along the lines of the requirements of the country, but in the last year we have imported unskilled labour when we should have been bringing in skilled people to fill vacancies that already exist at the employment offices.

Then the hon. member for Moose Jaw indicated that Canada is very short of people with different kinds of knowledge, including hardware men.

This leads me to ask the minister one or two questions, the answers to which I hope will throw some light on the practical outcome of the approach which he has suggested. For example, he has made reference to our arrangements abroad, and has spoken about our having an agreement with the Netherlands. He says, after referring to other countries:

> There is one exception to the above; that is in the Netherlands, with which country we have an agreement for the selection of immigrants.

I would ask the minister to tell us two things. First of all would he give us the nature of that agreement. It seems to me, on the face of it, sensible to have an agreement; and the minister, as I gather from the tenor of his speech, thinks well of it too. He thinks it is a very sensible and workmanlike position to be in. Will he say something about the working agreement, and will he tell us also why, apparently, we have an agreement only with the Netherlands?

Mr. Harris: At the end of the war the government of the Netherlands decided that they would serve their interests best by encouraging migration out of their country. An agreement was entered into in the spring of 1947 with the government of Canada whereby an institution called the Netherlands foundation was established for the purpose of processing would-be emigrants from the Netherlands.

We agreed at that time to take numbers which would be agreed upon from time to time of farm workers and farm settlers. In essence the terms have remained much the same. We indicate in advance approximately the number of persons from that country we think we could absorb during the coming shipping year. We have our offices in The Hague and, in conjunction with the Netherlands foundation, who find the people and send them to us, we process them. There has been some variation, I may say, in that while it started out to be wholly agricultural in content, it is not entirely that way now. The total figures for last year were, I believe, 22,000, of whom about 15,000 would have been agricultural, although I am not sure of the exact number.

It is the only country with which we have such an agreement; and it is peculiar to that country because they desire out of their own funds to do the finding of the immigrants and deliver them to us for examination within their country.

Mr. Macdonnell (Greenwood): Have we tried to make any other such arrangement?

Mr. Harris: No; but I think I might add that most other European countries, with the exception of Germany, are not particularly anxious to encourage migration.

Mr. Fulton: What about the United Kingdom? Could not an agreement along those lines be made under their settlement act?

Mr. Harris: I suppose an agreement of that kind could be made. But it has been traditional for the government of Canada, and in fact for some provincial governments, to maintain offices in London for the purpose of soliciting people to come to this country.

Mr. Brooks: Is the Netherlands foundation sponsored by the government, or is it a privately sponsored organization?

Mr. Harris: It consists of various private organizations; but it is established by the government, and carries out the duty of selecting migrants not only to Canada but to Australia and other countries, under the assistance and with the approval of the Netherlands government.

Mr. Cardiff: I should like to ask a question, but if it is not convenient to answer I might

be able to get the information in some other way. How many immigrants had Canada absorbed until the end of 1948, and how many in each year since?

Mr. Harris: I would have to have a statement prepared to answer that.

The Chairman: Shall the item carry?

Mr. Fulton: There is one other point. The minister outlined an agreement with the Netherlands. It appears to be unobjectionable. I think he told us that the Netherlands actually finds the immigrants and brings them forward to us for examination. If that is unobjectionable in the case of the Netherlands, why is an agreement along similar lines objectionable in the case of the United Kingdom? We would still maintain the right to examine them in our offices in the United Kingdom. It seems to me what the minister has said disposes of his earlier argument against such agreements.

Mr. Harris: I said at the beginning that the government of the Netherlands embarked upon a policy of encouraging their people to go abroad. So far as I know that has not been the policy of any government in the United Kingdom since the war. They have maintained their settlement act, whereby they subsidized passages under certain conditions.

Mr. Fulton: Is that not the same thing?

Mr. Harris: No, not quite the same. In fact I believe I can quote the present leader of the government in the United Kingdom as saying something about its being a rather difficult thing, and that they ought to see it through. But I think the hon. member would find that he would be getting into a field that is wholly different from the Netherlands, where for the sake of their own economy they decided specifically that they would have to reduce their population.

Item agreed to.

61. Field and inspectional service, Canada—operation and maintenance, including $10,000 for grants to immigrant welfare organizations, $5,204,217.

Mr. Gillis: Under this item I should like to bring something to the minister's attention. I note that the item refers to field and inspectional service, and my question deals with both of them. I see here $10,000 for grants to welfare organizations dealing with immigrants. I have a press clipping in my hand from tonight's Ottawa *Journal* that pretty well bears out the fears I was expressing today about bringing in immigrants who may not find jobs when they get here, and have no accommodation. This Canadian Press dispatch emanates from Edmonton, Alberta, and states:

> John A. Gough, an English immigrant, who claimed false information given him by Canadian immigration authorities in Britain was partly responsible for him turning to crime, pleaded guilty yesterday to five break-in charges, and was sentenced to one year.
>
> Gough said that before he left England a year ago, he was assured there would be a job and accommodation for him in Canada. He claimed this was not the case.

I am not saying this press statement is absolutely accurate, but apparently there must be something in it. I would ask the minister, under this item, to give the committee a general description of how that inspectional service is carried on in Great Britain, and how immigrants are handled when they land in Canada. What does this welfare organization do, that is receiving the grant of $10,000? Is there some redress for a man of this kind—in this instance he is in jail—to appeal to the welfare organization to assist him in finding employment, so as to keep him out of the toils of the law?

This case comes to our attention because the details have appeared in the press. However, there may be many more similar cases across the country. Are any efforts made to prevent these men getting into the toils of the law and ending up in jail?

Mr. Harris: If I might make one brief answer, it would be this. I could explain to my hon. friend just what the situation is, and at considerable length. I would be prepared to do so at any time he chooses. I think you realize that with nearly 800,000 people coming here since the end of the war, there are bound to be people who do not fit in and who may have formed the impression that they were given certain assurances. I have personally investigated many, many cases where people have said they were told thus and so. I find a wholly different story. I do not suggest that this young man is misleading anybody, but I do not think anyone could seriously hope that, in a migration of that size, you would not find some unfortunate people who would get into trouble when they got here, or that there would not be some who would have come with ideas which no reasonable person should have in the first place, and who come with no more than the ordinary encouragement which I think anybody here would expect our immigration officers to give.

Now, if we are going to have a policy of immigration we are bound to have immigration officers who like to tell people about the advantages of Canada. If you are not going

to have that, if you do not want that, then say so and if that is government policy you will not have immigration officers doing that. As I understand the policy of this government, and as I understand the policy of parliament in the past six years since the end of the war, there never has been, except on one occasion, a member who spoke positively against all immigration. If you have immigration you are bound to have immigration officers who will put forward not the most glowing picture of this country—though they could do so reasonably— but a reasonably optimistic picture encouraging people to come to what they believe is a good country.

Mr. Gillis: I agree with everything the minister has said, but that does not answer my question. What I should like the minister to do at another time is to give us a blow by blow description of how this selection is made, and what happens when these immigrants—

Mr. Harris: I shall give you a blow by blow description of what happened to that particular immigrant if you will give me his name.

Mr. Gillis: I do not know his name, but I shall give you the clipping. You can check on it. There is only one thing I want that inspector in Britain to tell the truth about, and that is whether or not he said there would be a job available when this man landed in Canada, and that he would have a place to live. I do not care what else he said by way of window dressing, but did this officer say there would be a good job and good accommodation when that man came here? If he was so assured, then I think he was misled.

However, I should like a description of just how the selection is made, and what guidance the immigrant gets when he lands in Canada. What does this welfare organization do which gets the $10,000 grant?

The Chairman: Shall items 61, 62 and 63 carry?

Mr. Brooks: It is ten o'clock, Mr. Chairman.

The Chairman: The only reason I have asked whether these items would carry is that we had a long discussion on the item for the administration of the whole department. On the first item for the immigration branch we had another general discussion. There was a discussion of assistance to immigrants, which is item 63, and field and inspection service, which is items 61 and 62. It was for that reason I asked if these items would carry. If hon. members wish to discuss them further, that is their privilege. It is now five minutes past ten, so I can only report progress and ask leave to sit again.

Mr. Brooks: There has been a discussion, but there have been committees sitting all day. A committee of which I was a member sat this morning, this afternoon and this evening. There has been no opportunity for some hon. members to discuss this subject.

The Chairman: The hon. member knows that the chairman cannot be guided by that fact. When we have a general discussion of the administration item there is no way for the chairman to know who is absent because he is attending a standing committee or because he is detained elsewhere. Even if the chairman knew, the rules say that, by practice, a general discussion takes place on the first item, and then the committee continues with discussion being directly relevant to the various items.

Item stands.

Progress reported.

EXTERNAL AFFAIRS

REPORT OF COUNCIL FOR TECHNICAL CO-OPERATION IN SOUTHEAST ASIA

Hon. Paul Martin (Acting Secretary of State for External Affairs): May I ask you, Mr. Speaker, to revert to routine proceedings?

Mr. Deputy Speaker: Has the minister leave to revert to routine proceedings?

Some hon. Members: Agreed.

Mr. Martin: On behalf of the Secretary of State for External Affairs I beg leave to table three copies of the report for 1952 of the council for technical co-operation in southeast Asia. At its recent policy session in Colombo the council agreed that this report be published simultaneously by member governments not later than April 24, 1953.

BANKING AND COMMERCE

SEVENTH REPORT OF STANDING COMMITTEE

Mr. Hughes Cleaver (Halton): Mr. Speaker, I should like to revert to the order of business for the tabling of reports.

Mr. Deputy Speaker: Is it agreed that the hon. member may have leave?

Some hon. Members: Agreed.

Mr. Cleaver: I now present the seventh report of the standing committee on banking and commerce.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, on Monday we shall consider the resolution standing in the name of the Minister of

Trade and Commerce to approve the international wheat agreement. Then we shall move to go into supply, and hope to pass the motion with little or no discussion. Then we shall take up the estimates of the following departments: the Prime Minister's office, legislation, agriculture, mines and technical surveys.

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

The following items were passed in committee of supply:

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

A—Department—

57. Departmental administration, $280,729.

Citizenship—

58. Citizenship registration branch, $195,964.

59. Citizenship branch, $390,464.

Immigration branch—

60. Administration of the Immigration Act, $824,403.

END OF VOLUME FOUR